

HOUSE OF REPRESENTATIVES

WEDNESDAY, NOVEMBER 13, 1963

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Psalm 119: 16: *I will delight myself in Thy statutes; I will not forget Thy word.*

Almighty God, our gracious benefactor, may the memory of Thy grace and goodness daily inspire us to enter faithfully and courageously upon all our tasks and responsibilities.

Grant that we may have a large part in building a social order in which our bruised and broken humanity shall enjoy the blessings of peace and good will.

May the mind and heart of our President, our Speaker, and the Members of the Congress be made strong with lofty moral and spiritual ideals as they perform the duties of their high vocation.

Create within us a deeper respect and reverence for the worth and dignity of the soul of man created in Thine own image and endowed with a capacity to have the spirit of our blessed Lord.

Hear us in His name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

LEGISLATIVE BRANCH APPROPRIATION BILL, 1964

Mr. STEED. Mr. Speaker, I call up the conference report on the bill (H.R. 6868) making appropriations for the legislative branch for the fiscal year ending June 30, 1964, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. GROSS. Mr. Speaker, reserving the right to object, I assume the gentleman from Oklahoma will take the time to explain this conference report?

Mr. STEED. Yes, and I shall be glad to answer any questions the Members may have.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 896)

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H.R. 6868) making appropriations for the legislative branch for the fiscal year ending June 30, 1964, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 30, 31, 35, 37, and 38, and agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$2,119,000"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment, as follows: In lieu of the matter proposed by said amendment insert:

"SEC. 104. No part of any amount appropriated in this Act shall be available to finance, under authority of section 4167(a) of title 39, United States Code, the mailing and delivering of mail matter sent through the mails after October 2, 1962, with a simplified form of address under the franking privilege by any Member or Member-elect of the United States Senate to postal patrons, including those patrons on rural or star routes."

And the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 14, 32, 33, and 39.

TOM STEED,
MICHAEL J. KIRWAN,
CLARENCE CANNON,
WALT HORAN,
ODIN LANGEN,

Managers on the Part of the House.

MIKE MONRONEY,
HUBERT H. HUMPHREY,
MIKE MANSFIELD,
E. L. BARTLETT,
CARL HAYDEN,
LEVERETT SALTONSTALL
(except as to No. 40),
MILTON R. YOUNG
(except as to No. 40),
THOMAS H. KUCHEL,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate numbered 14, 30 to 33, inclusive, and 35 to 40, inclusive, to the bill (H.R. 6868) making appropriations for the legislative branch for the fiscal year ending June 30, 1964, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each such amendment, namely:

AMENDMENTS PREVIOUSLY AGREED TO

Amendments of the Senate Nos. 1 to 13, inclusive, 15 to 29, inclusive, and No. 34, relating solely to appropriations for the expenses of that body, were agreed to by the House just prior to sending the remaining amendments, listed above, to conference on November 8.

Office of Sergeant at Arms and Doorkeeper—Senate

Amendment No. 14: Reported in technical disagreement. Motion will be made to recede and concur.

Joint Committee on Printing

Amendment No. 30: Simplifies, as proposed by the Senate, the appropriation arrangement for expenses of compiling the Congressional Directory.

Salaries, Office of the Architect of the Capitol

Amendment No. 31: Appropriates \$442,500 as proposed by the Senate instead of \$480,000 proposed by the House. In view of the delay in processing the bill, the lower amount will be sufficient to finance on this central office roll, as the House had provided, the 14 central office jobs currently financed on other rolls.

It is the intention to review the necessity for continuation of these positions during consideration of future estimates.

Capitol Building

The Senate committee report earmarked \$4,500 of the House-approved total for flood-lighting the dome from midnight to dawn. The conferees have agreed to the proposition.

Extension of the Capitol

Amendment No. 32: Reported in technical disagreement. Motion will be made to recede and concur with an amendment.

The Senate proposed to strike from the basic law (Public Law 242, 84th, as amended by Public Law 406, 84th) the authority to enter into contracts in advance of appropriations by which has been prosecuted, under direction of the special commission in charge, the extension of the east central portion, the rewiring and illumination, repair of the dome, construction of a subway terminal, cleaning the exterior of the two wings, furniture and furnishings, and miscellaneous other works. The Senate's objective is to prohibit the special commission from authorizing any contracts for extending the west central portion without a further separate affirmative determination by the Congress on the question. But the Senate committee did express the belief that further engineering surveys of the condition of the west central portion should be undertaken by qualified outside engineers.

The motion to be offered will permit the special commission to engage nongovernmental engineering and other necessary services, in line with the Senate expression, but will also, as the Senate proposed, require subsequent appropriation action by the Congress before any remedial measures can be undertaken.

Restoration of old Senate Chamber and old Supreme Court Chamber

Amendment No. 33: Reported in technical disagreement. Motion will be made to recede and concur, under which \$37,500 would be provided for preparing working drawings, specifications, and estimates of cost for restoration of the old Senate Chamber and the old Supreme Court Chamber substantially to their conditions in 1859 and 1860, respectively.

There are those in the Congress who feel the project is desirable. Others do not. In recommending the instant proposition, the conferees are agreed that this is not to be considered as a commitment to proceed with restoration work at a later date.

Botanic Garden

Amendment No. 35: Appropriates \$454,500 as proposed by the Senate instead of \$462,000 proposed by the House.

Library of Congress

Salaries and expenses: The Senate did not change the appropriation but in its report the committee leaned to the addition of 30 cataloging positions to stay abreast of current accumulations and to begin making some inroads into the substantial arrearages, in contrast to the House indication of about 20 such positions, with the \$100,000 allowed from the budget request of \$424,000 based on 57 added positions.

The delay in enactment of the bill favors the smaller number and the conferees agree that the Library should confine fiscal 1964 additions accordingly.

Amendment No. 36, Legislative Reference Service: Appropriates \$2,119,000 instead of \$2,138,000 proposed by the House and \$2,099,000 proposed by the Senate. This is to provide for five additional clerical positions.

Amendment No. 37, books for the general collection: Appropriates \$670,000 as proposed by the Senate instead of \$650,000 proposed by the House.

GPO revolving fund

Amendments Nos. 38 and 39: The two amendments hang together but for technical reasons the second one is reported in disagreement. Motion will be made to recede and concur, under which, in conjunction with the agreement on the first one, a total of \$10 million additional reimbursable working capital would be provided instead of \$8,500,000 proposed by the House, and of which \$6,450,000 would be obtained by transfer from funds previously appropriated but unused because of a change in plans, for construction of a GPO warehouse annex. The House had designated its full allowance by direct appropriation; the unused construction money would have been available for application against whatever new building proposal may later be approved.

Franked mailings

Amendment No. 40: Incorporates, in modified form, a restriction urged by the Senate against use of any funds in the bill to finance mailing and delivery of mail matter with a simplified form of address under the ancient franking privilege available to any Member or Member-elect of the Senate. This conforms to the original position of the bill as reported to the Senate and, in respect to applicability to the House, conforms to the position in the bill when the House considered and adopted it last June.

Under the agreement reached, as under the original House bill, the House would be governed in the matter of addressing franked mail by the regulations (which the department would be expected to reinstate) in effect prior to October 2, 1962—regulations which were permissive, not mandatory as to methods used by Members; regulations which would permit use of addressing methods stated by the department to result in lower per-piece handling and delivery costs; and which it seems, clearly, would simplify preparation prior to mailing.

TOM STEED,
MICHAEL J. KIRWAN,
CLARENCE CANNON,
WALT HORAN,
ODIN LANGEN,

Managers on the Part of the House.

Mr. STEED. Mr. Speaker, your conferees are happy to bring to the House today what we think is a very good conference bill.

When the revised budget estimates were taken up the grand total of \$182,218,450 had been requested. When the bill passed the House with the purely Senate items omitted it was at a total of \$140,038,919. After the Senate had made amendments, and added the Senate items, the total that went to conference was \$168,273,069. The conference version of the bill as presented here today is \$168,293,069, or only \$20,000 more than it passed in the Senate.

A large part of the bill this year, more than \$30 million of it, is for nonrecurring capital investment items. Because a lot of the heavy construction work going on on Capitol Hill is funded in this bill, the committee is hopeful that a very substantial reduction can be shown in the bill next year on account of this reduction in the amount of recurring capital investment items.

In the matters that were in disagreement between the House and the Senate, the report and statement before you explain each recommendation. We concurred in several of the Senate reductions partly because of the fact that the nearly 5 months of this fiscal year that

have elapsed meant the amount of money provided by the Senate was sufficient to carry out the functions involved. In the case of the Legislative Reference Service, we have agreed to an increase over the Senate figure of \$20,000 because they have an ever-increasing caseload and needed a little extra help to enable them to keep fairly current in filling the requests for material and information made to them by the Members of the House and the Senate. This service has had a very heavy gain in recent years, and no one at this time can predict any leveling off.

In the matter of the most serious disagreement, that of the so-called patron mail, the conferees agreed to language which conforms, insofar as applicability to the House is concerned, to the position as it passed the House in the first instance and to that which was reported to the Senate by the Senate Appropriations Committee in the second instance. The conference agreement and position is in the statement accompanying the report. This means that any limitation contained in this legislation on the use of the so-called patron mail or simplified address procedure applies to the U.S. Senate and not to the House of Representatives.

We are able to present this report with the assurance of the House that the bill, as it now stands, is in absolute and complete conformance with the ancient rule of comity between the two Houses. We hope and trust this action will meet with the approval of the House.

Mr. Speaker, before yielding for questions I would just like to take this opportunity to say that being chairman of this subcommittee is more or less a fairly thankless job since there are those who seem to have a continuing open season on criticizing the Congress and aim a lot of their barbs at this subcommittee. It becomes an occupational hazard for the chairman who is the target for a lot of this criticism. But, Mr. Speaker, this is not of any serious importance. But under the circumstances that developed this year when some trying situations were thrust upon us, as chairman of this subcommittee I want today to express my thanks and appreciation, first, to the members of this subcommittee who have worked so hard and who have stood with us so loyally and so completely throughout this whole struggle. Without their confidence and support and help, we could not have accomplished what we have done here today.

I also want to express my appreciation to the leadership of the Congress for the support they have given us. I want to express my appreciation to the Members on the Republican side as well as on my own side for the universal encouragement and support that we have had all along from our colleagues. It has been a wonderful thing to know that Members of the House had the confidence in us that they have expressed and for the help and the moral support that they have given us.

I especially want to express my personal thanks to the ranking minority member of my subcommittee, the gentle-

man from Washington [Mr. HORAN]. There is not a finer coworker in the world; and without his loyalty and support and understanding, this job would have been intolerable.

I also want to express my personal thanks to the distinguished gentleman from Missouri [Mr. CANNON], chairman of the Committee on Appropriations, for the great support and loyalty and help he gave to us.

I greatly regret, Mr. Speaker, that I have an insufficiency of words to express the personal feeling I have for all of you, for your sympathy and support and kindness and help that you have given me in what has been one of the most onerous experiences that I have had in the 15 years that I have been a Member of the House of Representatives.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. STEED. I am happy to yield to the distinguished majority leader, the gentleman from Oklahoma [Mr. ALBERT].

Mr. ALBERT. Mr. Speaker, I take this time to thank my colleague, the gentleman from Oklahoma, for the service he has rendered to the House of Representatives on this bill. Without the work of the gentleman and his subcommittee and the Committee on Appropriations, it would not be possible for the Congress to function. Furthermore, I want to commend my colleague for the manner in which he has preserved the prerogatives of the House in matters of disagreement with the Senate. He has insisted that the rule of comity be observed without which it would be impossible for the two Houses of Congress to operate as coordinate legislative bodies.

My colleague, the gentleman from Oklahoma [Mr. STEED], is one of the most conscientious and dedicated Members of the House. He always performs his duties in a superior manner.

All Members will agree with me that the work of the gentleman has been most important, and I think all will agree with me that we do owe him a debt of gratitude.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. STEED. I will be happy to yield to the gentleman from Iowa.

Mr. GROSS. With respect to that pyramid that is being built, otherwise known as the new office building, being built by Ambassador McCloskey, could the gentleman give us any progress report on it, as to what year it might be opened for business, whether it will be 1970 or 1975.

Mr. STEED. We are told by the Architect's Office that the completion date is August 1964. It is my understanding that since this comes so late in the session, the actual occupancy of the building with the new tenants will officially begin at the start of the next Congress, in other words, January 1965. There will be a problem between August and November with respect to the election of the Members to the next Congress. Since some part of the occupancy of that building will be made on an assignment under the seniority system, the building superintendent would have no

way of making a fair and accurate assignment of office space until after the November election returns reveal who the Members of the next Congress are going to be. However, in late January or early February they will begin to occupy some of the building. They will park cars in the parking lots inside on a temporary basis. They moved certain other activities on a temporary basis from the old western end into parts of the building that will be ready. So there will be some occupancy and use of the building as early as late January or early February of next year, but they will be assignments of space only on a temporary basis. We know of no situation that could develop now that would change these target dates materially.

Mr. GROSS. When did they dig that hole over there? I believe it was either 1955 or 1956 that they dug the hole for that building.

Mr. STEED. If memory serves me, it was done at about that time.

Mr. GROSS. Can the gentleman tell us whether they are making progress with the swimming pool. I am not interested in it personally, but I have heard a good deal of talk about it by other Members who are impatient to get into the swim. Will that be completed before the rest of the building so that my colleagues can go down and learn to swim and do the other things that go with a swimming pool?

Mr. STEED. I do not know what the contractor's work schedule is, but the gymnasium and swimming pool will be completed before formal occupancy of the building.

Mr. GROSS. I thank the gentleman for his answer. I would like to ask the gentleman about this \$37,500 for the refurbishing of the Old Senate Chamber and the Old Supreme Court Chamber. I regret that there is even \$37,500 in this bill for that purpose in view of the condition of the U.S. Treasury. I am afraid this is a foot in the door to an expenditure that is wholly unnecessary at this time, an expenditure that certainly ought not to be made until and unless our budget is balanced and we are paying on the Federal debt. I cannot think of anything that is more unnecessary than to refurbish the Old Senate Chamber and Old Supreme Court Chamber at this time. I cannot think of anything more unnecessary in view of the fiscal condition of this Nation, and I hope that the Committee on Appropriations, if they must provide \$37,500 for planning for refurbishing, will stop there and appropriate not a single penny until we get out of the bind we are in financially.

Mr. STEED. I will say to the gentleman that the views you hold are shared by quite a few other Members, too. As you know, the House conferees resisted this very item for several years. The Senate was insistent this year and we finally yielded on it.

So we made a specific finding and we so stated, that this does not in any way obligate us or indicate that the funding of such refurbishing will be agreed to. There are some advantages to be obtained by having the research work done and the survey made and the plans pre-

pared. But the matter is one in which the other body has taken the initiative and on which they are insisting. It is one, I assure the gentleman, that I personally intend to give a lot of thought to before agreeing to any sizable amount of money to carry out any plans for refurbishing in connection with it. I think the gentleman will find that many other Members feel the same way.

Mr. GROSS. Mr. Speaker, I thank the gentleman.

Mr. SHEPPARD. Mr. Speaker, I would like to ask the chairman of the subcommittee this question. Were you able to work out with the other body any solution on the matter of the promotional scale and longevity of certain personnel that we discussed?

Mr. STEED. We could not, because of the difficulty of its being out of order legislation on this bill. That is what would have confronted the House and since we have a number of problems in that field we have been in touch with the House Administration Committee. We hope we can get a review not only of that but of several other problems in our housekeeping. That would be the proper legislative procedure and would not make us subject to the points of order that we would have had to face otherwise on the specific matter to which the gentleman refers.

Mr. SHEPPARD. I appreciate the situation. This can, of course, be corrected in the House by simple resolution. We can take care of the House side and let the gentlemen on the other side adjust to that if they so desire.

Mr. STEED. I agree with the gentleman, and I hope that we will be able to clear up the matter in due time.

Mr. SHEPPARD. I intend to offer a resolution, with the approval of the gentleman, as soon as possible.

Mr. JOHANSEN. Mr. Speaker, will the gentleman yield?

Mr. STEED. I yield to the gentleman.

Mr. JOHANSEN. Mr. Speaker, I concur in the views of the gentleman from Iowa [Mr. GROSS] from the fiscal standpoint, with regard to the refurbishing of the Old Supreme Court Chamber. But I wonder if the gentleman would not agree that if that is to be done at least it be stipulated, when the Old Supreme Court Chamber is refurbished that we have the words "In God We Trust" above the bench, having in mind, Mr. Speaker, that the members of the Supreme Court who sat in those hallowed precincts subscribed to that doctrine.

Mr. GROSS. I certainly agree with the gentleman.

Mr. STEED. Mr. Speaker, at this time I yield such time as he may require, to the gentleman from Washington [Mr. HORAN].

Mr. HORAN. First, Mr. Speaker, I wish to compliment my colleague from Oklahoma [Mr. STEED] in the way that he has handled this bill in conference. Mr. Speaker, with reference to the proposal of refurbishing the Old Senate Chamber and the Old Supreme Court Chamber, and whether this would add to their historical significance, that is a matter of opinion. It is estimated that the total cost of this entire project will

be something over \$600,000. But I would call the attention of the House to the language on page 4 of the statement of the managers where it says:

In recommending the instant proposition, the conferees are agreed that this is not to be considered as a commitment to proceed with restoration work at a later date.

So I think that our position as we come here today is quite clear.

Mr. STEED. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 14: Page 4, line 5, insert the following:

"OFFICE OF SERGEANT AT ARMS AND DOORKEEPER

"For office of Sergeant at Arms and Doorkeeper, \$2,704,615: *Provided*, That effective July 1, 1963, the Sergeant at Arms may employ two additional assistant chief telephone operators at \$2,580 basic per annum each in lieu of two telephone operators at \$1,980 each, one additional messenger acting as assistant doorkeeper at \$2,580 basic per annum in lieu of one messenger at \$2,100, the basic per annum compensation of the administrative officer shall be \$5,280 in lieu of \$4,140, and the title of positions shall be changed as follows: wagonmaster to truck driver, assistant wagonmaster to assistant truck driver, two female attendants ladies' retiring room to two attendants, laborer in charge of private passage to skilled laborer."

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 14 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 32: On page 23, line 12, insert the following: "*Provided*, That the proviso to the paragraph entitled 'Extension of the Capitol' in the Legislative Appropriation Act, 1956, as amended, is amended by striking out 'and to obligate the additional sums herein authorized prior to the actual appropriation thereof'."

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 32 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert the following: "*Provided*, That the proviso to the paragraph entitled 'Extension of the Capitol' in the Legislative Appropriation Act, 1956, as amended, is amended by striking out 'and to obligate the additional sums herein authorized prior to the actual appropriation thereof', and by substituting in lieu thereof 'and, prior to any appropriations being provided for extension, reconstruction, and replacement of the west central portion of the United States Capitol, to obligate such sums as may be necessary for the employment of nongovernmental engineering and other necessary services and for test borings and other necessary incidental items required to make a survey, study and exam-

ination of the structural condition of such west central portion, to make reports of findings, and to make recommendations with respect to such remedial measures as may be deemed necessary, including the feasibility of corrective measures in conjunction with extension of such west central portion."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 33: On page 23, line 17, insert the following:

"PLANNING FOR RESTORATION OF OLD SENATE CHAMBER AND OLD SUPREME COURT CHAMBER IN THE CAPITOL

"To enable the Architect of the Capitol to prepare working drawings, specifications, and estimates of cost for restoration of the Old Senate Chamber on the principal floor of the Capitol and the Old Supreme Court Chamber on the ground floor of the Capitol substantially to the condition in which these chambers existed and were furnished when last occupied in 1859 and 1860, respectively, by the United States Senate and the United States Supreme Court, \$37,500."

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 33 and concur therein.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. STEED. I would be happy to yield to the gentleman from Iowa.

Mr. GROSS. I note in the report that it has been agreed to spend \$4,500 for the illumination of the dome of the Capitol from midnight to dawn.

Does that mean illuminating it from the interior or exterior?

Mr. STEED. As the gentleman knows, under the present practice the dome on the outside is lighted from dusk until midnight and then only the statue on the top of the dome is lighted from midnight until dawn.

There has been some interest shown in the fact that the dome should be lighted throughout the night. This small earmarking of funds will enable the lights to stay on the entire dome all night long.

Now, we are told that while this is not only desirable from the esthetic point of view, it acts also as a desired navigation aid for aircraft in bad weather after midnight which come through this area. Since it does not add any cost to the total of the bill, we agreed with the Senate request that we go along with having the dome floodlighted all night long.

Mr. GROSS. This is not, then, a safety measure for lighting up this entire area because of crime in close proximity to the Capitol? It is not being done for that purpose?

Mr. STEED. I live up here on the Hill, and if it will help in adding safety in that regard, I am glad to have it.

Mr. GROSS. But that is \$4,500 of the taxpayers' money that will be spent. I sympathize with the gentlemen living on Capitol Hill but I am not interested in spending that kind of money for electricity to light the dome simply for that purpose.

Mr. STEED. That is not the purpose. The main purpose is to have the dome

illuminated all night long. It is perhaps the most popular symbol of our Government.

Mr. GROSS. I do not know how many people are going to be looking at the dome after midnight, but that is neither here nor there. I think we ought to take a second look at this \$4,500 expenditure. You just do not pick \$4,500 off the bushes around here. Personally, I do not see much point in illuminating the dome of the Capitol after midnight, and I hope the committee will take another look at this next year.

Mr. STEED. We will consider it in its proper perspective next year.

The SPEAKER. The question is on the motion offered by the gentleman from Oklahoma.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 39: Page 33, line 9, add "together with \$6,450,000 to be derived by transfer from the appropriation 'Acquisition of site and construction of annex.'"

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 39 and concur therein.

Summary of legislative branch appropriation bill, 1964 (H.R. 6868)

Group	Budget estimates (revised)	Passed House	Passed Senate	Conference action ¹	Conference action compared with—		
					Budget estimates	House	Senate
Senate.....	\$30,693,205	(?)	\$30,675,350	\$30,675,350	—\$17,855	+\$30,675,350	-----
House of Representatives.....	50,772,950	\$50,131,550	50,131,550	50,131,550	—641,400	-----	-----
Joint offices and items.....	6,297,515	6,271,369	6,271,369	6,271,369	—26,146	-----	-----
Architect of the Capitol.....	34,343,500	30,744,200	33,279,500	33,279,500	—1,064,000	-----	-----
Botanic Garden.....	483,000	462,000	454,500	454,500	—28,500	-----	-----
Library of Congress.....	21,252,400	20,487,800	20,488,800	20,488,800	—763,600	-----	-----
Government Printing Office.....	38,375,880	31,942,000	26,992,000	26,992,000	—11,383,880	-----	-----
Grand total.....	182,218,450	140,038,919	168,273,069	168,293,069	—13,925,351	+\$28,254,150	+\$20,000

¹ Many of the items were concurred in by the House on Nov. 8 just prior to sending the remaining amendments—dealt with in the conference report—to conference.

² By custom, House omits all items under the Senate heading and those items under the Architect of the Capitol pertaining solely to the Senate.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

CALL OF THE HOUSE

Mr. BASS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 197]

Abele	Clancy	Forrester
Ashley	Crawford, Del.	Fulton, Tenn.
Avery	Corman	Fuqua
Barrett	Cramer	Green, Pa.
Battin	Dague	Griffiths
Blatnik	Davis, Tenn.	Hagen, Calif.
Brock	Dawson	Hanna
Brown, Calif.	Dingell	Harding
Burkhalter	Duncan	Harris
Byrnes, Wis.	Findley	Hawkins
Cameron	Fino	Hoeven
Celler	Ford	Hoffman

The motion was agreed to.

Mr. HALEY. Mr. Speaker, will the gentleman yield?

Mr. STEED. I yield to the gentleman from Florida.

Mr. HALEY. Mr. Speaker, may I inquire as to amendment No. 37 which, of course, has been acted on: do the House and Senate have any authority to recommend the kind of books that may be purchased?

Mr. STEED. I would say we probably do. And there is a Joint Committee on the Library of the House and Senate who are supposed to supervise the activities of the Library. That is one way that influence can be brought to bear.

Mr. HALEY. May I say to the gentleman from Oklahoma that in the purchase of these books I hope the gentleman from Oklahoma and the people who have the proper authority here will take into consideration in the purchase adding nine Holy Bibles to that collection so the Members of the U.S. Supreme Court may have the privilege of reading them.

Mr. STEED. Mr. Speaker, under leave to extend, I include a summary of the conference bill with appropriate comparisons.

Johnson, Wis.	Minshall	Selden
Jones, Ala.	Morrison	Shelley
Kearth	Morse	Short
Kee	O'Brien, Ill.	Sickles
Kelly	Pilcher	Slack
Keogh	Powell	Smith, Va.
Kilburn	Quillen	Stubblefield
King, Calif.	Rains	Talcott
Kluczynski	Reid, N.Y.	Thompson, La.
Laird	Rivers, Alaska	Thompson, N.J.
Landrum	Rivers, S.C.	Thornberry
Latta	Roberts, Ala.	Udall
Long, La.	Rodino	Ullman
MacGregor	Roybal	Utt
Mailliard	St. Onge	Wallhauser
Martin, Mass.	Schadeberg	Willis
Miller, Calif.	Scott	
Milliken	Secrest	

The SPEAKER. On this rollcall 345 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

THE NEED FOR CONGRESSIONAL REFORM AND REORGANIZATION

Mr. JOELSON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. JOELSON. Mr. Speaker, it is evident that the Congress of the United States is operating under rules and procedures that are outmoded and ineffective. In some instances, they even are undemocratic.

How can we expect to pass effective laws to govern our Nation when we are failing in our responsibility to govern ourselves?

I have today introduced an act identical with one introduced in the Senate by Senator CLIFFORD CASE, who has been actively engaged in the struggle for congressional reform and reorganization.

This bill would provide for a commission which would study and make recommendations for improvement in our committee system, regulation of conflicts of interest, regulation of lobbying activities, congressional travel, and other related matters.

Unless we clean our own house, we will forfeit the confidence of the American people which is so vital.

It is high time that the Congress of a democracy shake off the cumbersome and often undemocratic rules and regulations under which we now labor.

AMENDING THE PEACE CORPS ACT

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 565 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9009) to amend further the Peace Corps Act, as amended. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentlewoman from New York [Mrs. ST. GEORGE], and, pending that, I yield myself 7 minutes.

Mr. Speaker, House Resolution 565 provides for consideration of H.R. 9009, a bill to amend further the Peace Corps Act, as amended. The resolution provides an open rule with 2 hours of general debate.

H.R. 9009 would authorize \$102 million to operate the Peace Corps in fiscal year 1964. As the Peace Corps operation has expanded and the number of volunteers has increased, the portion of the Peace Corps costs devoted to administration has declined. If the level of funds requested is made available for fiscal 1964, it is estimated that only 19.9 percent, or

\$20,300,000 will be used for administration and the remainder will go to support volunteers. In fiscal year 1963, 28 percent of the funds available were utilized for administration.

The annual cost per Peace Corps volunteer is \$9,000—the figure estimated at the time the original presentation of Peace Corps financing was made to the Congress in April 1961. At that time this included volunteer costs of \$6,300 and administrative expenses of \$2,700. The current estimate for fiscal 1964 is \$7,000 for volunteer costs and \$2,000 for administrative expenses. The increase in volunteer costs is due to an extension of the training period to increase language proficiency.

The countries in which the Peace Corps is in operation have requested more volunteers, and additional countries are seeking Peace Corps assistance. The number of qualified applicants is larger than ever even though the standards have been raised, and there have been no incidents which have made the conduct of our foreign policy more difficult.

In the short period that has elapsed since its beginning, the Peace Corps has already made a significant contribution to the attainment of U.S. foreign policy objectives.

Mr. Speaker, during consideration of this bill before the Committee on Rules I asked some questions with reference to administrative costs and to what extent we may be developing into a situation where, for example, we were getting too many chiefs and not enough Indians. Because of my inquiries and questions, I have done some additional research work and have been given some additional figures which would indicate this is not happening.

Actually, they are improving the efficiency of the operation from the standpoint of administrative costs. In comparing the average administrative cost to the number of people in the field I find the administrative cost to be substantially lower in the Peace Corps than in almost any other agency of Government.

The average grade of the Peace Corps domestic staff is GS-7.9. If you look through the 1965 budget, you will find that this is considerably below other agencies in the foreign or domestic field. To mention a few: USIA, 9.5; Foreign Agriculture Service, 9.3; House and Home Finance Agency headquarters, 9.0; Federal Trade Commission, 9.1; General Accounting Office, 8.2.

It is charged that the agency has become a "burgeoning bureaucracy." Nothing could be more inaccurate. The Peace Corps has only one administrative person for every eight volunteers. If Congress appropriates the money authorized in the bill—\$102 million—the Peace Corps will have one administrative person for every 10 volunteers. No agency has ever come close to those figures. Remember during World War II it was said there were "35 people behind every man with a gun." They have accomplished exactly the opposite already—"eight men with a gun," so to speak, for every man behind him. This record has

been submitted to the church missionary groups, to industrial concerns which operate overseas like Standard Oil, and none of them come close to these figures. The danger, in fact, is not that they will become a burgeoning bureaucracy, but rather that they will provide too little mature leadership for our volunteers.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Iowa.

Mr. GROSS. The Director of the Peace Corps, testifying before our committee, said they had only one administrative person for each seven volunteers.

Mr. SISK. As I recall, when it was discussed before the Committee on Rules yesterday, this was the figure that was cited in the report. At that time I raised the question with the chairman about some of the complaints that had been made. As a result I have done some checking. They tell me they are now operating with 1 administrative person to 8 volunteers, and with this new program they feel with increased efficiency they will be able to do it with 1 administrative person for 10 volunteers. The gentleman is on the committee and heard the testimony.

Mr. GROSS. One to seven is big, as far as I am concerned, altogether too many chiefs with two few Indians.

Mr. SISK. I think my good friend from Iowa will agree with me that if you look at most agencies of the Government and make a comparison, you will find that in the administrative field they are much heavier on administrative personnel as against the active people in the field than these figures would indicate. This, of course, is the basis on which I was making my statement.

Mr. Speaker, because of this very fine record I feel that this program is doing an outstanding job for America. I believe it is a program we should continue. It seems to me the request which is now made to increase the number of volunteers to 11,300, which was the exact number given to Congress in 1961 when the Corps was first proposed, would be a figure which we could live with and which should be adequate.

Mrs. ST. GEORGE. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, this resolution makes in order the consideration of H.R. 9009, to amend further the Peace Corps Act, as amended. I can see no objection to this rule and I think the Rules Committee passed it out unanimously.

Mr. Speaker, the Peace Corps appears to have done a very fair job up to date. It is only 2 years old. Many of us who may have some doubts as to its efficacy still feel that it should be given a fair chance. Certainly 2 years is not long enough.

There is a question as to whether the very big leap forward in appropriations is altogether warranted. We go in this bill from \$63,750,000 to \$102 million. This may seem slightly excessive. However, I think the House can consider that in the general debate and can hear the pros and cons of this amount.

There is one section that I am a little bit dubious about, and I asked some

questions which to my mind were not satisfactorily answered. I refer to title III, "Encouragement of Voluntary Service Programs." Here it is stated in section 301, on page 5, line 19, of the bill, that—

The Congress declares that it is the policy of the United States and a further purpose of this act to encourage countries and areas to establish programs under which their citizens and nationals would volunteer to serve in order to help meet the needs of less developed countries or areas for trained manpower.

I am always a little dubious about this kind of a statement. We have become the "Meddlesome Mattie" of the world and although we seem to have very few women in the Congress of the United States, we seem to act like old women in regard to the care we take of other people's business. I doubt very much that this is necessary. I am quite certain from what I have read that the German Government is doing an extremely good job right now in the underdeveloped countries. This situation also applies to Great Britain, Israel, and to many other countries. I think we might as well let them carry on their own programs without help from us.

On questioning it was revealed that some of these countries had asked for our assistance. I suspect that mostly this would be financial assistance, and I would not be at all sorry to see that particular section eliminated from the bill.

Mr. GROSS. Mr. Speaker, will the gentlewoman yield?

Mrs. ST. GEORGE. I am happy to yield to the gentleman from Iowa.

Mr. GROSS. That provision in the bill bothers some of us very much. The gentlewoman did not read all of it. In the first place, it encourages the organization of Peace Corps operations in foreign countries. I do not know that I quarrel with that so much, if that would take the load off us and obviate the need for the Peace Corps, at least reduce the Peace Corps now in existence. If you go on to page 6, you will find that \$300,000 may be used to carry out the purposes of this provision. So this seems to be the foot in the door. Then it goes further on page 6 and says that none of the money can be spent for an international Peace Corps. At least that is what it purports to do. I do not know how you can say in one place that you can spend money, authorize \$300,000; and then say there will be no expenditure for this purpose. I am at a loss to understand it. I hope the proponents of the bill, and I am not one of them, will explain this to the satisfaction of those who are not members of the Committee on Foreign Affairs as well as some of us who are members of that committee.

Mrs. ST. GEORGE. If the gentleman will yield there, the gentleman may remember I said I suspected that most of the aid we would give to these foreign countries would not only be in the way of counsel, but that it would be mostly financial. That is my feeling at the present time. I do hope it will be cleared up during the course of the debate on the bill.

Mr. GROSS. If the gentlewoman will yield further, I want to state that at the

proper time I expect to offer an amendment attempting to clarify this whole thing.

Mrs. ST. GEORGE. I think this section of the bill does need some clarification.

Mr. Speaker, I think, as I said before, that there is no objection to the rule. I think the bill if it is amended in some portions will be as close to perfection as we can expect to get any bill. I do believe the Peace Corps has done a good job and a useful job and has improved, to use a very modern expression, the "image" of the United States.

Mr. Speaker, I reserve the balance of my time.

Mr. SISK. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. ROGERS].

Mr. ROGERS of Florida. Mr. Speaker, I ask unanimous consent to speak out of the regular order, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. ROGERS of Florida. Mr. Speaker, it is disturbing to note that the large television rating service, A. C. Nielsen, is reported to be bringing about the death of certain programs only recently in spite of the fact that the hearings conducted by the Investigations Subcommittee of the House Interstate and Foreign Commerce Committee pointed up the unreliability and the distortions present in the rating methods and figures.

It was hoped that by now the National Association of Broadcasters, in conjunction with others interested in the industry, might have formulated the necessary standards to bring a somewhat more accurate picture of audience reaction than is now given. It is my understanding that A. C. Nielsen has not yet responded fully to the request of the National Association of Broadcasters in order to help it formulate these standards.

It was repeatedly stated by members of the subcommittee in hearings that self-policing by the industry was much preferred to licensing of the rating services by the Government. However, this frantic reaction from the industry itself to the same type ratings as revealed in the hearings is rapidly pointing to the need for action in the public's interest.

It is past time for this industry to get out of the numbers racket so that television programs watched by the American people are not artificially distorted by ratings.

[From the Nov. 4, 1963, issue of Advertising Age]

RATINGS DRAGON CLAIMS ONE VICTIM IN EACH TV NET LINEUP AS SEASON OPENS

NEW YORK, October 31.—Spurred on by almost daily box office reports in the newspapers, people in the business seem to be talking even more than usual about TV network ratings this season.

This will come as a disappointment to anybody who had hoped that television programming might be less of a numbers game as a result of the shadow cast over the rating services by the House Commerce Com-

mittee findings in Washington earlier this year.

[From the Nov. 4, 1963, issue of Broadcasting]

THE MUTABLE LAW

Six months ago, those with hardy memories may recall, the A. C. Nielsen Co., along with other ratings services, was being vilified before a House subcommittee.

Last week the first national Nielsen ratings for the new television season were received with such reverence and fear that they might have been carried down a sacred mount by a man with a long white beard instead of delivered by a postman with a bent back and aching arches.

The Nielsen pocket piece shapes the fates of men and their works. It or something like it will exist as long as networks and their advertisers have no other means of discovering what is happening at the receiving end of their transmissions. The hope must remain, however, that the user of ratings will pause occasionally to question their divinity before he starts lopping off programs and, possibly, heads.

[From the Nov. 11, 1963, issue of Broadcasting]

SOME OBSERVATIONS BY TV AND RADIO EDITOR RICHARD K. DOAN, EXCERPTED FROM THE SUNDAY HERALD TRIBUNE OF NOVEMBER 3, 1963

Television's rage for ratings is possibly more feverish this fall than ever before. People in the business feel it, and can't particularly account for it.

The upshot * * * has been a general blurring of any programming standards other than the gage of mass approval as reflected in ratings of individual shows, the shares of audience they pull against other shows on the air at the same time; and the competitive standings of the networks in terms of total homes reached.

The picture is distorted.

Mrs. ST. GEORGE. Mr. Speaker, I yield 10 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS. Mr. Speaker, before the House is the question of whether a rule should be granted to the Committee on Foreign Affairs to debate this matter. I have always felt that the function of the Committee on Rules was primarily to determine whether the legislative committee had done the proper work on a measure so that it was ready for formal debate, so that the House itself could evaluate the pros and cons involved in the matter. I must confess I was shocked to find that there was only one witness, apparently, who was heard by the Committee on Foreign Affairs. If that constitutes an adequate preparation for this House to consider increasing a program and to double its size in the space of a year—one that has increased in similar proportions in previous years—then I must confess I am in complete disagreement.

Mr. MORGAN. Mr. Speaker, will the gentleman yield?

Mr. CURTIS. I certainly do.

Mr. MORGAN. We looked, begged, and borrowed and could not find any more witnesses. No one was interested in testifying on the bill except the executive branch of the Government.

Mr. CURTIS. I was going to ask that question. Inasmuch as the gentleman made that statement, may I ask whether or not any of the private charitable

agencies who are in this kind of business and in the missionary programs—and I happen to know many of them who are deeply concerned by this—were contacted about this? What efforts were made by the staff of the Committee on Foreign Affairs to find out whether people had knowledge that they wished to give on this subject in the discussions? I am going to go on and point out some things you might well have gone into, but will the gentleman give us that information?

Mr. MORGAN. Why, certainly.

Mr. CURTIS. What happened?

Mr. MORGAN. As far as the charitable organizations that communicated with us are concerned, they were in agreement with the Peace Corps 100 percent and did not feel it necessary to testify in front of the committee.

Mr. CURTIS. May I ask the gentleman, were letters sent to various groups and, if so, will you supply for the RECORD the names of the organizations you notified and asked whether they wanted to be heard and also the letter sent to them?

Mr. MORGAN. No letters were sent. We do not go out and solicit witnesses.

Mr. CURTIS. I think it is about time, if I may suggest so, that our committees begin going out and soliciting witnesses and not just sit back and expect people to know when the committees are going to hold their hearings.

Mr. MORGAN. Will the gentleman yield?

Mr. CURTIS. Let me finish this thought first.

If we want to get the proper information so that Congress can legislate with intelligence on these programs, we have an obligation to do something about it rather than just sit back and say that there was nobody who was interested in it and that the only person who came in was Sargent Shriver.

I want to ask some questions. A year ago our subcommittee of the Committee on Appropriations that had to do with the Peace Corps had a statement in there—and I think it was a unanimous report—saying that the overhead costs of the Peace Corps, if I recall the figure, were 42 percent. Indeed, if they were 42 percent or anything like that, I suggest that a great deal of looking into is needed, because I can tell you those private missionary programs—and I am not just talking about religious missions but I am talking about medical missions and educational missions like the university at Beirut, for example, and sanitary missions—certainly have no overhead costs of that nature. I might say, this being around Community Chest time, that one of the things we pride ourselves on when we go around soliciting funds for our private charities is that you can count on the fact that over 90 cents of each dollar you contribute is going to go to that charity and is not going into the overhead aspects of the operation.

I am very much interested in knowing about one thing the Peace Corps has been strong on, and the only thing I am sure they are strong on, which is publicity—self-serving publicity. I have also noticed this, and I am going to go on and

document a little of this within my own knowledge. The publicity the Peace Corps is getting for itself and the cost involved—and we all in Congress are in this business, so we know the cost of publicizing things, because we all have to conduct political campaigns and are aware of the costs involved. The costs of this publicity are not just directed to the publicizing of the Peace Corps favorably, but a lot of it is apparently being spent being sure that unfavorable publicity does not see the light of day, or even constructive critical publicity.

I may direct attention to some specifics. The Peace Corps came before the Committee on Ways and Means at the time of its inception to ask for special privileges for its own people; the privilege that no other employee or group in the United States gets, in two instances: one, to average their income over the period of time for which they are paid a lump sum at the end of 2 years so that they could put it back into the year in which it is earned. No one can do that, because you have to pay your tax on your income when you get it; and the second tax privilege which was even more of an exception I thought, and an unwarranted one. During the time that they train in this country and the income they received, or whatever is in lieu of income, is not counted as income. And yet our Foreign Service people and people who go abroad for our private enterprises have to pay taxes during their training periods for the moneys and allowances they receive just like everyone else.

I got into this matter before the Committee on Ways and Means in order to try to find out, as a member of the committee and for the benefit of the House, what the facts were. I took the floor of the House during that debate to point out this very important tax privilege we were granting to the Peace Corps personnel. There was not one smidgen of that criticism, and it was constructive criticism against the Peace Corps, printed in the papers of the United States. I have made these points I am making here in speeches in my own community time and again. Somehow or other, anything that seems to be a little bit critical of the Peace Corps, when we try to understand what it really is, does not get publicity. So I suspect that not only is the taxpayers' money being spent to publicize this organization but some of it seems to go to see to it that no fair criticism of it is reported.

The people who are supporting this organization have had plenty of time, but there are very few people who are willing to take the floor and say anything against this holy cow that receives all of this favorable publicity. It is not a pleasant thing to try to shed light on this subject, because I am deeply sympathetic with the objectives of the Peace Corps and the motivation of our young people in joining it. I think it is a wonderful thing. But let me say that this motivation has been going on in our society for hundreds of years. This is our missionary type of program, and I again emphasize not just religious missions.

Back in 1954 I authored an amendment to the Internal Revenue Code to increase the tax deduction by an additional 10 percent which would go to medical institutions, educational and religious institutions, and what I had in mind at the time and said at the time had to do with the right to channel our private funds into the real person-to-person programs, our private programs. This Peace Corps program is no person-to-person program. Sargent Shriver himself testified that he gets the consent of the political government before he moves into that particular area with the Peace Corps. And this is as it should be, because it is a Government program.

When you go into a country that is run by a dictator, with consent of the dictator, it becomes a weapon in his hands to keep himself on the backs of the people, because a little community that will not bow under the heel of the dictator will not get the Peace Corps or any of the other foreign aid programs through their political government. But it is a different thing with our missionary programs; and again I emphasize not just religious missions, the sanitary missions, the educational missions. They go where they choose, because it is a private and a true person-to-person operation.

There is nothing in this committee report that gives us any indication of the balances between the private sector and the governmental sector in this fine missionary work, in this tremendous and wonderful field of trying to assist more unfortunate humanity outside of our shores. For the Congress to pass judgment of how much and what we should do in the governmental program, we need to know what its relation is to the private sector. If we go too far in our zeal to do good, we may actually be damaging the private sector.

Mr. Speaker, in my judgment if we got into these balances and if the committee would make these kinds of studies, which it has not done, I think we could come up with a little more realistic approach to this program.

As it is—and this is a matter of discussion on the rule, in my judgment the committee, regrettably, has not done the work necessary so that the Congress can pass any intelligent judgment upon this bill.

Mr. Speaker, I would suggest that the rule be voted down, and if we do further discuss it, which will not do any harm, then it might be recommitted and the Committee on Foreign Affairs may develop the necessary data so we can act intelligently on the matter.

Mr. SISK. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, the gentleman from Missouri [Mr. CURTIS] has made some charges which I do not find substantiated by any record that I have been able to read.

Actually, it is my understanding that this legislation was introduced and has been pending before the Committee on Foreign Affairs now for many months. It is also my understanding that there were studies made of the matter. It is my understanding that no one was refused permission to appear and testify.

Mr. Speaker, I might say, with reference to the attitude of the various missionary organizations and other independent and private groups, there is consultation. I myself, in reading some of the reports which the Peace Corps has put out, find that they certainly indicate there is a rather broad checking and coordinating and discussion with these groups.

Mr. Speaker, the gentleman from Missouri infers that most of the publicity is self-serving. I would like to beg to differ with the gentleman on that statement. I doubt very seriously if the Peace Corps is in any position to bribe reporters and the press corps of this Nation.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. SISK. If the gentleman will just let me finish this statement.

Mr. CURTIS. The gentleman used a very unfortunate word. No one suggests bribery.

Mr. SISK. If the gentleman will just withhold 1 moment until I finish my statement, the point I am trying to make is that the usual stories which we read about in the press of this country in regard to the Peace Corps, in my opinion, give a pretty good story of what is happening and what the attitude is.

Let me say to the gentleman from Missouri that I seemed to have touched a tender nerve with him. I am not charging that the gentleman himself has bribed anyone. I am simply saying the Peace Corps is not in a position to dictate to the press what the press prints about this program.

The SPEAKER pro tempore. The time of the gentleman from California has expired.

Mr. SISK. Mr. Speaker, I yield myself 2 additional minutes.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Missouri.

Mr. CURTIS. Of course, the gentleman was not suggesting any bribery on my part or on the part of anyone else, when I was talking about the public relations media. I am suggesting that we are all familiar with how publicity is obtained, and it is obtained in many ways and there is a lot of hard work which is done by these people in public relations.

Mr. SISK. I agree with the gentleman on that.

Mr. CURTIS. It is not a question of bribery. It is limited to exactly what I said, the amount of money that is spent and is being spent to publicize the Peace Corps and its visits around to various countries. This costs a good bit of money.

There is no implication of bribery or anything of that nature. It is not meant in that sense. It is simply a question of how you do get the public information to the people and to the Congress about this particular program.

Mr. SISK. Mr. Speaker, I would like to conclude my remarks by citing the figures which the report sets out and which are the figures that we have before us

today. On the cost of administering this program there is the figure of 19.9 percent for the administration of the proposed program. This program has never been heavy in administrative costs. In fact, that was the point I intended to make originally. In comparison with other agencies of Government, it has a much lower cost for its administrative operations than most agencies of the Government. Actually, the majority of the money is going into the field to assist the volunteers and back them up in doing a job in whatever country they may be.

This is an important facet of the Peace Corps.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Iowa.

Mr. GROSS. I wonder if it is just a coincidence that we got these copies of a booklet from the Peace Corps yesterday, the day before the bill comes up for consideration? Some Members have stated they received this propaganda in the mail this morning. I just wonder if this is purely by coincidence?

Mr. SISK. I cannot say about that.

Mr. Speaker, I urge adoption of the rule, so that the House may be permitted to go into the Committee of the Whole for a full explanation of the bill.

The SPEAKER pro tempore. The time of the gentleman from California has expired.

Mr. SISK. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9009) to amend further the Peace Corps Act, as amended.

The motion was agreed to.

IN COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 9009, with Mr. NATCHER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MORGAN. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, H.R. 9009 authorizes funds to finance the operation of the Peace Corps for fiscal year 1964 and also includes 16 amendments to the basic Peace Corps Act, none of which involves any major change in policy, organization, or operation.

I am glad to be able to report to the House that the Peace Corps has completed more than 2 years of successful operation. The bad things that many of us were afraid might happen have not happened, and the reaction to the Peace Corps everywhere it is in operation is favorable.

I suppose that 2 years ago, when the original Peace Corps legislation was under consideration, every one of us had

some doubt as to whether it would be possible for several thousand men and women from the United States, most of them of college age, to live and work in the less-developed countries of the world without creating a lot of incidents which would result in unfavorable publicity and add to the problems of carrying out our foreign policy. Two years of operation have proved this fear to be groundless. The only case that has made headlines and stirred up sentiment in any foreign country was the case where the Peace Corps girl in Nigeria lost a postcard which she had written describing to a friend in the United States the conditions which she found in Nigeria in a manner which was accurate but which was displeasing to the people of that country. This happened more than a year ago. This incident, although widely publicized, did not interfere with the Peace Corps program in Nigeria where Peace Corps operations are going forward in a manner most satisfactory to all concerned.

Out of approximately 7,000 Peace Corps volunteers now overseas, only 21 have been sent home for misbehavior. The total number who have had to return to America for personal reasons is about 4 percent. There have been 64 who came home for medical reasons; 68 have been dropped because of their inability to adjust to work or living conditions overseas; 65 have come home for compassionate reasons, such as death of a parent or a family problem requiring the return of the volunteer to the United States; 56 have been brought back for personal reasons, such as marriage or divorce while in service. This record is remarkably good. The percentage of people brought home is lower than for other branches of Government service or, according to the information available to us, than the records of corporations conducting large-scale overseas operations.

Let me emphasize again the fact that in none of these cases has there been any case which produced headlines or anti-American sentiment.

Another problem which all of us were concerned with when the Peace Corps began its operations and which has failed to materialize was whether or not the countries would find the Peace Corps volunteers useful and would make them welcome. Here again the results have been most favorable.

We at present have Peace Corps volunteers located in 48 countries, and there is no case in which any country has asked to have the Peace Corps program terminated. The largest number in any one country has been the Philippines where the latest number reported was 628. Most of these are teachers. In every country where volunteers are now working, the country wants to have their number increased, and there are several additional countries who want to be included.

Let me say in passing that the program for fiscal 1964 provides for sending Peace Corps volunteers to only three additional countries: two in Latin America and one in Africa. The expansion which is desired will be in the direction

of sending more volunteers to the countries where the program is already in operation rather than pioneering in new countries.

All of the evidence available to the committee indicates that the Peace Corps volunteers are rendering useful services to the countries where they are working, that they are well liked, and that more are desired.

Another question that many of us had in mind when the Peace Corps was proposed initially was whether or not an adequate supply of volunteers would be available. Again, the record speaks for itself.

There are three times as many applicants today as there were a year ago. Only one applicant in seven actually becomes an overseas volunteer. Nevertheless, there is no indication that the supply of volunteers will fail to keep pace with the demand in the foreseeable future.

The bill authorizes \$102 million for fiscal 1964. The appropriation for fiscal 1963 was \$59 million, of which \$3,870,000 was returned to the Treasury. The original request made by the Executive was for \$108 million, which was reduced to \$102 million last October at the time of the committee's hearings on the Peace Corps legislation.

The decision as to how much money should be voted for the Peace Corps is basically a decision as to how many Peace Corps volunteers should be sent overseas. It costs \$9,000 a year to train, transport, and maintain a volunteer. The readjustment allowance of \$75 a month which each volunteer gets upon his return to the United States after completion of his service is only a small part of the annual cost. The largest cost items are for training, transportation and living allowances while stationed abroad. All volunteers are given 6 to 8 weeks of language training, as well as other preparation for their assignments. Most of this training is carried out at various universities in the United States and in Puerto Rico. The administrative costs of the program decrease as the number of volunteers becomes larger. It is estimated that in fiscal 1964 administrative expenses will amount to only 19 percent of the total cost.

The Executive has requested \$102 million for fiscal 1964 in order to build up to a level of 11,300 volunteers by August, 1964. There are approximately 7,000 volunteers overseas at the present time. Last year the Peace Corps announced its goal as being 10,000 volunteers which would cost approximately \$90 million a year to maintain. When the appropriation last year was reduced to \$59 million, the Peace Corps reduced its planned level to 9,000 volunteers. During fiscal 1963 this level was not attained, and in August only 6,600 volunteers were on board. This delay in building up the organization was due to two factors:

First, it was decided to increase the length of the training period in order that more training in languages could be given. This slowed down the rate of increase.

The other reason was that the programs in different countries required volunteers with specialized backgrounds in many instances, such as, teachers of science and persons with agricultural training. It was more difficult to recruit people of this kind than some others, but the rate of recruitment was adjusted to the availability of the required skills rather than filling up the organization with whatever kinds of volunteers happened to be most readily available.

As a result of this delay, the Peace Corps returned \$3,870,000 to the Treasury at the end of the last fiscal year. The evidence indicates that the Peace Corps has been prudent in its handling of the taxpayers' money. It has not recruited volunteers as fast as possible within the limit of the funds available and has returned money to the Treasury rather than obligate it for low priority requirements.

It was the feeling of the committee that this conscientious use of funds by the Peace Corps deserved commendation and encouragement. We, therefore, approved the entire amount requested in the belief that should the Peace Corps during fiscal 1964 find it impossible or undesirable to expand up to the level of 11,300 volunteers as programmed, the unneeded funds would be conserved and returned to the Treasury.

The reason why the Peace Corps has decided to build the number of volunteers above the 9,000 or 10,000 level contemplated last year is the increased demand for volunteers from the countries of Latin America and from Africa. In both these areas, the lack of teachers and of skilled technicians is particularly serious. These countries need teachers, nurses, tractor mechanics, surveyors, and other technicians who are ready to work at their specialties.

Let me remind you that when a Peace Corps volunteer is stationed in a foreign country, he is not working on something called a Peace Corps project; he is working at some operation being carried on, directed and financed by the Government or some other entity in the country where he is located. If he is a teacher, he works as a teacher in a school under the direction of the education authorities which run the school along with local teachers. If he is working on a highway project, he works under the local highway authorities as a surveyor or engineer, or in whatever capacity his skill permits. In hospitals and health centers, Peace Corps volunteers are serving as nurses and technicians along with local people.

The need for people with the skills possessed by Peace Corps volunteers in the less developed countries is self-evident. The record shows that the Peace Corps has been remarkably successful in helping to meet this need.

I will not discuss in detail the 16 amendments to the basic Peace Corps Act which the bill contains. Each of them is described in the committee report, which I commend to your attention.

I would like to say a word, however, about section 8 of the bill which deals with encouragement of voluntary serv-

ice programs. The Executive requested authority to use Peace Corps funds to finance the International Peace Corps Secretariat and to assist other nations in organizing and operating peace corps of their own. The committee was firmly opposed to the use of Peace Corps funds in this manner.

The committee recognized, however, that there are a number of countries in the world, particularly those in Europe, whose citizens are possessed of skills which would be of great value to the less developed countries and were willing to volunteer to serve in these countries under arrangements similar to those of our own Peace Corps. We believe that it was desirable for the United States to encourage these countries to develop voluntary service programs of this kind and to give them the benefit of the knowledge and skills which we had derived as a result of our own experience with the Peace Corps.

Section 8 of the bill prohibits the contribution of Peace Corps funds to any international organization or to any country. It authorizes, however, the Peace Corps to provide knowledge and skills to countries, or international organizations, within a limit of expenditures of \$300,000 for fiscal year 1964. The knowledge and skills which may be provided are limited to the selection, training and programming of volunteer manpower.

Mr. Chairman, the Peace Corps is a remarkably successful operation which deserves our continuing support. There have been no significant criticisms of its operations to date.

There appear to be some who have misgivings about the future of the Peace Corps, who fear that it may become too big and too bureaucratic in its operations.

I urge you to judge the Peace Corps on its record. Just as the fears that many of us had at the beginning have proved to be groundless, I think the fears that are expressed about the future of the Peace Corps will also prove groundless.

The administration of the Peace Corps has been careful of the taxpayers' money and has held its rate of expansion within realistic limits.

There is every reason to believe that the record in fiscal 1964 will be as good as the record for fiscal 1963 has been. At the end of fiscal 1964 we will all have an opportunity to evaluate what has been done and to consider what should be done in the future. The Peace Corps today, however, has shown itself worthy of our support, and I urge the approval of this bill.

Mr. GIBBONS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. I wish to address my questions, Mr. Chairman, to title III. Do you have a copy of it over there?

First of all, let me say in preface to my questions that I believe in the Peace Corps and I think it is doing a fine job in meeting the requirements that are outlined here, but I am worried about the words "or areas" on line 24, page 5,

and line 1 of the next page—"or areas." Does the committee mean by that those are foreign countries or foreign areas, or domestic areas?

Mr. MORGAN. No. Those are foreign countries, foreign areas.

Mr. GIBBONS. There is no intention on the part of the committee to allow any of this \$300,000 to be spent for the establishment of a so-called Domestic Peace Corps or National Service Corps?

Mr. MORGAN. Absolutely not.

Mr. GIBBONS. Thank you.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the chairman of the Committee on Foreign Affairs has given us a good indication of what is proposed in this bill, H.R. 9009. I rise in support of this legislation. I only wish I could answer all of the questions which have already been asked of me since I came on the floor.

I would like to begin by a brief comment with respect to the remarks of the gentleman from Missouri about the adequacy of the hearings. It so happened that I was in southeast Asia at the time, so I was not actually a participant in those hearings. I would agree with him that committee hearings should be as substantial as possible. It might well have been advisable to seek out, for their opinions and advice, some of the private organizations which are interested in the same area of effort as the Peace Corps. And yet my impression is that there is more than enough room for all of the private efforts now underway as well as the Peace Corps itself. So far as I know, there is harmony between the private and the governmental efforts.

The needs are so enormous that we do not need to worry about possible overlapping of efforts, or a diminution or lack of interest on the part of private organizations because of the activities of the Peace Corps.

It seems to me important that we recognize that this program is one of the least expensive, and probably one of the most productive, ways in which we can demonstrate our interest in the problems of other people.

The gentleman from Missouri criticized this program as a "holy cow," as not being a person-to-person program but one which involves government with government. In answer to that contention, I would like to point out that any private effort, missionary or otherwise, can only operate within a foreign country with the permission of that government. In some cases missionaries have been forced to leave certain countries. The Ford Foundation, as I recall, was obliged to leave Burma because it was no longer considered acceptable to the Government of that country.

On the other hand, how can we truthfully say that the Peace Corps does not represent a person-to-person effort? I say this because our trip to Asia took us both to Malaysia, where we have a program involving 260 Peace Corps volunteers, and to the Philippines, where we have one of our more substantial programs, involving 474 individuals. On our trip to Kuala Lumpur, capital of Malaysia, part of our study mission had the

opportunity to visit a leprosarium outside that city. There are about 2,500 patients in this particular leprosarium. There have been three Peace Corps volunteers in that establishment. On the day of our visit, two volunteers had already returned home and there was only one young lady left there. Her name, I might add, is Miss Sadie Stout, of Arkansas City, Kans. She impressed us all very deeply with her intelligence and her devotion to the job she was doing. We were also impressed by the respect in which she and her volunteers were held by those who worked with them.

It was our understanding that this American effort, small as it was in numbers, had made a very substantial impact on the Malaysians themselves. The volunteers had encouraged the Malaysian people to join in working at this institution. When we discuss this program, therefore, we need to keep in mind the very real amount of good it does.

The chairman has indicated that this program has been slow to develop and that a great effort has been made to recruit volunteers with care and to give them adequate training. Recently the training program has been lengthened.

There has been increased emphasis on learning the language of the areas to which the volunteers will go. In various ways, I think it is fair to say, the Peace Corps has learned by experience. It has significantly improved the recruitment and selection of individuals.

Mr. Chairman, there is going to be a major discussion about the rate at which the Peace Corps should expand. Questions will be asked also about its capacity to expand as quickly as would be possible if this full authorization of \$102 million should be approved.

I do not suppose any of us can tell with any positiveness how quickly a quality establishment can be recruited. However, I would think it would be the path of wisdom for us to approve the authorization recommended by the full Committee on Foreign Affairs.

Mr. Chairman, I have in front of me a letter which has been circulated to some of the membership of the House, signed by four members of the Committee on Foreign Affairs, which claims that the Peace Corps has had consistent difficulty in obtaining the number of volunteers scheduled, and by the admission of its Director, can only do so by lowering the standards of selection, which is not contemplated.

I have indicated that I was not here for the hearings, but my reading of the hearings would not support such a contention.

We all know that the goal of 9,000 volunteers by the end of the last fiscal year was not achieved. That this was the case, I believe, should be a source of congratulations rather than a source of concern. The goal was not reached because the Peace Corps was deeply determined to maintain the quality of those they did select.

Mr. Chairman, I do not think we should now decide that we should make it impossible to go ahead with the proposed expansion. This is an expansion which has been anticipated since the pro-

gram was first set up. Certainly we should not hold down the proposed expansion simply because they did not meet their goals last June 30.

Mr. Chairman, I do not believe that the Director of the Peace Corps, in testimony before the Committee on Foreign Affairs, admitted that the only way in which the proposed expansion could be made would be by lowering the standards of selection. Quite the contrary. My feeling was that he suggested that the applications were coming in in such volume, as the chairman of the full committee has pointed out, that we would be able to maintain, and even improve, our standards and still meet the goals.

Furthermore, I think it should be pointed out that the experience in the last fiscal year should be an indication of what may lie ahead, if we should allow this authorization. The Peace Corps deliberately did not expand its roster to the full 9,000 authorized. Consequently, just under \$4 million which was available to the Peace Corps was not utilized.

If it should not reach its goal of 11,300 volunteers in this current fiscal year, I think we could reasonably anticipate that some of the money available to the program would not be utilized.

Mr. Chairman, we would be very uncharitable and illogical if we should conclude that because the money is available they are inevitably going to expend it.

Therefore, I do hope that we will think twice before we support a major cut of the kind which I understand is contemplated. The amount of the proposed cut, I might add, was not spelled out in the letter which was circulated to some of the membership.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I would be glad to yield to the gentleman from Kentucky.

Mr. SNYDER. I have several questions that I would like to ask the gentleman from New Jersey.

A recent publication quotes one Douglas Kiker, who signs the mail as Chief of the Public Information Division of the Peace Corps, as saying—this is in regard to sending Peace Corps volunteers to Indonesia to help Sukarno who is a known Communist—the following:

You can be sure we're not going to send any flag-wavers over there, any kids with the Declaration of Independence tattooed on their chests. All our people will be acceptable to Sukarno.

I wrote to Mr. Kiker and asked him about this. He wrote back the following:

Our belief is that the volunteers would be a continuing source of controversy if they went to all these countries with the professed duty of "preaching" the democratic free-enterprise system to the local citizens.

My question would be this: What system does the testimony indicate they are "preaching" to these people?

Mr. FRELINGHUYSEN. In answer to the gentleman, I did not see the reference to which the gentleman refers until a few minutes ago, so I have not been able to check the facts. My feeling is the Peace Corps volunteers are not primarily engaged in political activity

of any kind. In my opinion it would be inadvisable for them to do that.

The gentleman has suggested that the Peace Corps volunteers being sent to Indonesia are being sent to help Sukarno. I think that is an unfair way to put it. There are approximately 17 volunteers in Indonesia. As far as I know they are experts in physical education. To what extent, and in what way, the development of the capacities of young Indonesians in the field of physical education would be helping Sukarno is a question. I would not think that the so-called leadership of Sukarno would be in any way affected by those 17 volunteers. I think this is an unfortunate description of why they are being sent to that country.

Mr. SNYDER. Mr. Kiker's letter to me in effect indicates it is the custom to send Peace Corps volunteers that are acceptable to the leadership of the country. If they are acceptable to Sukarno and they are not over there to preach, as he says, "the democratic free enterprise system to local citizens." He says that if they did they would be put out.

Mr. FRELINGHUYSEN. The gentleman is not arguing, I hope, that we could expect to send volunteers to countries that are not willing to accept them, whether or not they are going to preach when they get there, or whether the group is a governmental or private group. There has to be clearance by the authorities in the countries to which the volunteers go in order to have them get there. One of the surest ways to have them ousted as soon as they get there is for them to preach the overthrow of the existing government of that country. It would be well to keep out of the political problems of the kind the gentleman is describing.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. I want to inform the gentleman from Kentucky that each Peace Corps volunteer is given a handbook as a guide for his conduct. I should like to read one of the paragraphs which appears on page 46 in the hearings. The Director of the Peace Corps, Mr. Shriver, put in this quotation from the handbook, and I think that will answer the question.

It reads as follows:

We hope you will represent the best in your country with honesty and with dignity, and that you will explain American principles and problems to the honest doubter and the curious. You are likely to be most effective if you speak from your personal beliefs and experience. Bear in mind, however, that the Peace Corps purpose is service. Your equipment does not include a soapbox. Answer detractors through hard work and accomplishment, not in political debate (pp. 16-17).

Mr. FRELINGHUYSEN. I thank the gentleman.

Mr. SNYDER. Am I correct in my belief that about 125 volunteers are set aside for the United Nations to strengthen the U.N.; is that correct?

Mr. FRELINGHUYSEN. That authority is in the legislation now for a

maximum of 125 volunteers to work with the United Nations and its specialized agencies such as the Food and Agriculture Organization. There is no increase recommended in this bill.

Mr. SNYDER. Am I also correct in my assumption that Peace Corps trainees are trained for approximately 4 months, during which time they are supposed to learn the language and customs of the country they are going to?

Mr. FRELINGHUYSEN. There is a very intensive instructional program in the language of the country to which they are going, including a training period of up to 120 days. I think that is the normal length of the training program.

Mr. SNYDER. I have been told that a Peace Corps staff officer by the name of John Cort draws \$10,645 a year, and it cost \$13,150 to send him and his family to his station, is that correct?

Mr. FRELINGHUYSEN. Again I have no specific information about the case to which the gentleman refers. As I understood from the facts available to him, this family was composed of nine children. If this big a family was sent to the Philippines I would think it would cost that much. However, I would not attempt to argue with the gentleman about the validity of those figures.

Mr. SNYDER. These questions come from a constituent of mine in a letter. That is why I would like to get the answer. This constituent indicates that Wheaton College and Berea College, which happens to be in Kentucky, are not acceptable to the Peace Corps because they are "too religiously oriented." She quotes from a publication known as Christianity Today, issue of December 21, 1962. Does the gentleman know whether that is correct or not?

Mr. FRELINGHUYSEN. Again, I am not a regular reader of Christianity Today.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Let me make the record clear on this point. There is no ground to the accusation of religious discrimination by the Peace Corps in the selection of training institutions. As a matter of fact, in addition to Georgetown and Notre Dame, the Peace Corps has trained at Oberlin, Chicago, Berea, and Springfield Colleges, all of which have various Protestant affiliations.

In addition, a Peace Corps official who is an ordained Baptist minister, will be busy making the annual address at Wheaton College tomorrow.

Mr. SNYDER. I thank both gentlemen.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from Michigan.

Mr. JOHANSEN. In view of the chairman's reference to the instructions for the Peace Corps members not to take soapboxes along, I wonder if they can give assurance that in countries such as Sukarno's the hosts are admonished not to have soapboxes to expound their ideologies.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. ZABLOCKI].

Mr. ZABLOCKI. Mr. Chairman, as already has been outlined by the very able and distinguished chairman of the Foreign Affairs Committee, the gentleman from Pennsylvania [Mr. MORGAN] and by the gentleman from New Jersey [Mr. McDOWELL], the Peace Corpsmen have, indeed, proven themselves. The charge that the Peace Corps has almost no record of accomplishment, as stated in the minority report to this bill, is completely in error.

I rise in support of H.R. 9009, a bill to amend further the Peace Corps Act, as amended. I, like the gentleman from New Jersey, was not at the hearings. We happened to be in southeast Asia on a congressional study mission of which I was chairman. We were in southeast Asia to assess the military, political, and economic situation there. One of the bright spots in the picture was the study mission's observation of the fine work being done by the American Peace Corps.

As the gentleman from New Jersey has stated, we visited the leprosarium in Selangor near Kuala Lumpur, in Malaysia. One could not help but feel a real sense of pride in these Americans toiling far from their homes and loved ones, not in the big cities but in the hinterland.

Right on the boundary between Malaysia and Thailand was a single Peace Corps girl working not only in the field of nursing but also at giving the people of her region the real image of what America stands for.

Besides the volunteers in the leprosarium, there are others employed in the district hospitals in Malaysia, in rural health centers, in yaws and tuberculosis control programs, or engaged in child and infant care.

Other volunteers in Malaysia are teachers, 4-H project leaders, and rural development workers. Among the latter occupation group are architects in charge of school construction, heavy equipment operators, and surveyors engaged in road construction, foresters and soil analysts who are mapping the forests to provide information necessary for land-use planning.

The Malaysia press has been almost unanimously complimentary on the subject of the Peace Corps. Its Government is among those which have requested more volunteers—and is willing to contribute to their upkeep.

Right now, for example, the Malaysian Government provides 70 percent of volunteer housing and basic furnishings. They also supply uniforms for nurses, transportation on work assignments, medical care and general equipment on the same basis as that provided for Malaysian civil servants.

The reputation of the Peace Corps was high in the Philippines which we also visited. There we were told of the many accomplishments of the 474 volunteers working throughout the Philippine Islands. Most of this group were teachers, working in 350 rural elementary schools, high schools, normal schools and colleges.

The impact of these young people on Philippine education has been notable. According to Philippine officials, the volunteers are making important progress in giving the average Filipino a better education and, consequently, a better chance in life.

As an expression of the high regard in which the Peace Corps is held in the Philippines and elsewhere throughout Asia, its volunteers working in the Far East and the Pacific were given the 1963 Ramon Magsaysay Award for International Understanding. This award is known as the Asian Nobel Prize.

Is this not an instance of evidence of accomplishment in fact?

Director Shriver, who received the award on behalf of the volunteers in a ceremony in Manila last August, has called it, and I quote "The finest tribute the Peace Corps volunteers have received."

More than that, however, it is the best possible advertisement for the United States and the American way of life. Through their collective efforts, the Peace Corps volunteers are showing the world what Americans are really like.

The accomplishments of the Peace Corps have been recognized by most of those who originally opposed the creation of the program. Yet there are individuals who oppose the modest expansion of the program included in the legislation now before this body.

Their opposition, they say, is based on the fear that the Peace Corps will grow too big, too cumbersome, too bureaucratic. I share their concern about this eventuality, but I do not fear that it will occur with the modest expansion provided in the pending legislation.

Let us fear that the Peace Corps is too big when the number of volunteers begins to approximate the number of requests for volunteers.

We know that this is far from the case now. Although the Peace Corps now has volunteers at work in 46 countries, some 20 more countries have had to be turned down in their requests for corpsmen.

In many of the countries in which the Peace Corps is working, the Governments have repeatedly asked that additional volunteers be sent. None of us need to be reminded of the work that remains to be done in the underdeveloped and emerging countries of the world.

This is particularly true with respect to Central and South America where a continentwide effort against hunger, ignorance and poverty are underway. Most of the additional Peace Corps men will be sent to assist our neighbors of Latin America.

Let us fear that the Peace Corps is too big when administrative costs begin to surge upward.

Thus far, as we have seen and has already been stated, the opposite is true. The ratio of administrative expenses to the cost of the Peace Corps programs has decreased.

Let us fear that the Peace Corps has grown too big when the quality of the volunteers lags.

As we know, this has not happened. Rather, the trend in the Peace Corps has

been toward attaining tighter and higher requirements for more technically qualified volunteers.

As the result of 2 years experience and continuous research into what makes a good Peace Corps volunteer, selection procedures and criteria have improved. This improvement is reflected in the quality of the young men and women we are sending abroad as representatives of our Nation.

No, Mr. Chairman, I have no fear that with the passage of this bill, the Peace Corps will abandon its hard scrabble, pioneer stance to wander down the primrose lane of bureaucratic bigness.

Rather, I have every confidence that the Peace Corps, under the able leadership of Director Shriver and his staff, will continue the fine record of achievement which has been compiled in the first 2 years of the program's existence.

History will call the Peace Corps one of the finest products of American genius. We cannot abandon that genius now.

Two years ago, when this body passed the original Peace Corps Act, we were directly instrumental in putting America's best foot forward. Now, Mr. Chairman, the time has come to take another step. Therefore, I very strongly recommend that the bill be passed as it has been recommended out of our committee.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. CONTE].

Mr. CONTE. Mr. Chairman, the Peace Corps has since its inception shown most careful restraint in the expenditure of the U.S. taxpayers' money. Last year alone, the Peace Corps returned to the Treasury \$3.9 million of unused funds. Let me make clear that the Peace Corps could easily have expended this amount, like some other agencies of Government have in the past, but chose not to. I want to state that to turn this commendable practice into an argument against authorizing all of the funds requested by the Peace Corps for fiscal year 1964 is both unwise and unwarranted.

It is unwise, Mr. Chairman, because we want to encourage all Government agencies to show the type of restraint that the Peace Corps has demonstrated. It is clear that the Peace Corps could have met its last year's goal of 9,000 volunteers if it had chosen to do so and thus could have expended those \$4 million, for the Peace Corps received over 32,000 applications last year, which is far more than enough to create a 9,000-man Peace Corps. But the Peace Corps voluntarily chose to raise even higher its selection standards. It also chose to try to fulfill requests of countries overseas for certain hard-to-find skills rather than send over persons with difficult skills which were not specifically requested. Thus I certainly want to add my support to the statement made by the House Foreign Affairs Committee in their majority report that:

The restraint that has characterized the administration [of the Peace Corps] should be encouraged. The full amount of the

funds requested have been approved by the committee in the belief that they will be used prudently.

Mr. Chairman, not only do I feel the argument that I have described is unwise, I also feel that it is unwarranted. There is every indication that the Peace Corps will have 11,300 well-qualified volunteers on board by the end of next summer. The American people are continuing to respond to the challenge of the Peace Corps—and they are responding in ever-increasing numbers—4,338 applications were received last month, compared with 2,342 for October 1962. In fact, yesterday no less than 537 people applied for the Peace Corps.

Mr. Chairman, I think these figures I have just mentioned are a fine tribute to the American people. They also demonstrate that the Peace Corps is going full steam ahead and will meet its goals. In setting its goals for this year, the Peace Corps has taken into account its shortfall of last year. It has reduced its goal from 13,000 to 11,300 volunteers and, consequently, reduced its request for funds from \$108 to \$102 million. I think we should give this fine organization a vote of confidence; I think we should adopt the majority recommendation of the House Foreign Affairs Committee and vote the Peace Corps the \$102 million that it has asked for.

Mr. Chairman, I feel that this is one of the strongest arms of our foreign policy. I have traveled in Africa, in the Far East, and in the Middle East. I have seen the members of the Peace Corps out in the jungles around the world. I have seen these areas where they have 98 percent illiteracy. And if it were not for a member of the Peace Corps, living out in their jungles in a tent or in a hut, or in a little trailer, along with another member of the Peace Corps, educating these children—if it were not for these members, such education would not be available to these poor, unfortunate people out in the farflung jungles of the world. I have seen areas where they had to travel for miles and miles and miles, over dirt roads, or on the back of a donkey, or water buffalo without finding a nurse or a doctor to care for the ills of these poor people afflicted with malaria, yaws, dysentery, or any one of the many other tropical diseases.

I have seen 4-H members now in the Peace Corps working in a school feeding program—irrigation work, animal husbandry—helping and teaching the downtrodden how to produce crops to sustain themselves from starvation.

I have seen members of the Peace Corps working in a project of self-help community development in Africa, laying out roads, building bridges and culverts, schools, and water systems.

Mr. Chairman, I hope this honorable body will vote this authorization bill in full today.

Mr. MORGAN. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. LEGGETT].

Mr. LEGGETT. Mr. Chairman, it is with a sense of amazement that I have been sitting here listening to a debate as to whether we should cut from the Peace Corps budget request a figure

amounting to some 10 or 20 percent of the total.

I am firmly convinced that the Peace Corps is achieving, with a striking degree of success, the goals which were established for it. And I believe that they have worked toward those goals wisely and responsibly, never sacrificing quality for the sake of quantity. Every indication available to us seems to support me in those convictions.

If any Member of this House believes that the Peace Corps has failed or that it is destined to fail in the coming year, I would be delighted to discuss with him whether it should continue to exist at all. But I cannot understand what is to be gained by the saving of 10 or 20 percent of the Peace Corps request at the cost of crippling that agency during the coming year, and perhaps permanently.

I have heard nothing so far which supports the assertion that \$85 million is a more suitable level of authorization for the Peace Corps than \$102 or \$50 or \$2 million. Until we have an indication that some portion of their request is indeed marginal—that some can be spared and some cannot—I maintain that we should give them the full amount or nothing at all. On the basis of the Peace Corps performance during the past 2½ years, I am sure that we would not be making a mistake in giving them the full amount.

There are, of course, those among our membership who consistently look at the negative side and project America's future into the depths of communistic atheism.

Two months ago the Birch publications called it defeat for capitalism and appeasement for the United States to sell wheat behind the Iron Curtain, un-American to limit our armaments in any way and arm ourselves to the teeth.

It is significant that yesterday's issue of U.S. News & World Report concluded in a major editorial that the Soviets had lost the cold war because they have given up in space and now want to trade with us.

U.S. News fails to recognize that the existing Democratic administration is the responsible entity that has convinced the Soviets that Birch and Smoot groups do not speak for the United States—they can trust us both in trade and space. The Peace Corps is assisting in promoting this international understanding.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BARRY].

Mr. BARRY. Mr. Chairman, if there was one bill that has seemed to capture the imagination of the entire Nation, if not the entire world, it was the bill that was put before us some 3 years ago when we first passed the Peace Corps bill. I do not think since I have been in Congress that I have been identified with a more popular issue than the Peace Corps. I understand that later in the debate there will be an effort made to cut back the Peace Corps from the amount requested in this bill.

What are the reasons we should be asking as to why the Peace Corps should not be given the room to move which the committee has suggested in the bill

now before us? In answering that question to ourselves we should ask why has the Peace Corps not fulfilled its past commitment that they had made, of recruiting some 9,000 members by August of this year. What is the reason for this? I think if we examine carefully into the matter we will find that the Peace Corps raised the criteria for the selection of their people.

In other words, they specifically have changed from a training requirement of 140 hours in languages to 280 hours of training in languages. This has, in effect, resulted in a slowing-down influence on their recruitment. For this action, I think they should be commended. I do not believe that we in the Congress should be in a position of penalizing them for having tightened up and improved the criteria and quality of the members of the Peace Corps as they go about getting into this occupation.

Now, Mr. Chairman, in the minority report they say that they heard only from Sargent Shriver who is the head of the Peace Corps, in rather salutary terms. The minority report says that "against these accomplishments, by public relations, we have almost no evidence of accomplishment in fact."

Now, Mr. Chairman, I do not know of another committee in Congress that has been furnished more information about an activity of Government than we have in the Committee on Foreign Affairs with respect to the Peace Corps.

Mr. Chairman, I hold in my hand three volumes, "The Story of the Peace Corps Volunteers," and it was furnished every member of the Committee on Foreign Affairs. It has a long index. Under the index it reads "What We Were Told To Do" under the first heading. The next heading is "What We Achieved." The next heading is "Where We Propose To Go and What It Would Cost."

Now, Mr. Chairman, under each of those headings it is broken down so that anyone who really wanted to dig deeply into the Peace Corps would have adequate information at hand. That is only volume I. In volume II it goes into the geographic areas of the world and tells the story of what has happened in each area of the world.

So, Mr. Chairman, I submit that the statement in the minority views is incorrect because, certainly, there has been ample information that has been supplied.

Mr. Chairman, yesterday in the mail the Peace Corps received over 6,000 pieces of mail in 1 day. In conclusion, Mr. Chairman, let me point out that the method of recruiting volunteers has been substantially changed. During the last 3 years, they have been going to college campuses in the spring of the year in order to attract the graduates. The Peace Corps this year have changed that because they find most seniors have made up their minds as to where they are going to work prior to that time. So, they are beginning in the fall of this year to go out and now anticipate that of the 650,000 graduates of the colleges next year about 10 percent of them will be interested in the Peace Corps and that

1 percent of that 10 percent will be finally selected.

Mr. Chairman, these are statistics which have been compiled not by a partisan individual or group. Indeed, the figures were prepared by the former Comptroller of the General Services Administration, Mr. Max Medley, who was the Comptroller of the GSA during the Eisenhower administration. He is the man who is now statistical adviser to the Peace Corps. He has made the estimate that the Peace Corps will have 65,000 volunteer applications of which they expect to recruit approximately 10 percent.

Mr. Chairman, I think we should support the Peace Corps in this instance, and vote the authorization that was overwhelmingly approved by the Committee on Foreign Affairs.

Mr. MORGAN. Mr. Chairman, I yield 1 minute to the gentleman from Hawaii [Mr. MATSUNAGA].

Mr. MATSUNAGA. Mr. Chairman, I rise in support of H.R. 9009.

Mr. Chairman, one of the greatest things that has come out of the Kennedy administration is the Peace Corps.

Several years ago, when Dr. Dana Farnsworth of Harvard University researched into the question of why our young men and women were turning to crime and delinquency, he came up with this conclusion: that our young men and women today are afflicted with one grave illness, a lack of purpose in living.

Mr. Chairman, the Peace Corps has given to our youth, and even to our elders, a new purpose in living.

I may sound more like a minister than a Congressman when I say this, but what greater purpose in life can we instill in our youth than to serve one's fellow man, regardless of race, color, or creed, toward the end of peace?

This is what the Peace Corps has done.

Besides, Mr. Chairman, the Peace Corps is the best and cheapest investment that this country has ever made in international good will.

Moreover, dollar for dollar, this expenditure has proven more effective in selling American democracy abroad than anything else we have ever done. The United States has spent many billions of dollars in military assistance and in direct expenditures in maintaining U.S. forces abroad for the sole purpose of our own national security, to guard against the further territorial expansion of communism. In South Vietnam, alone, we are spending a million and a half dollars a day.

The Peace Corps budget asked of Congress this year is puny in comparison. No money appropriated by this body was ever spent for a better purpose, or with greater efficiency in terms of the results obtained.

Last year the Peace Corps operated in 46 different countries. The demand for U.S. Peace Corps volunteers far outstrips the supply. At the beginning of this fiscal year, there were 4,393 volunteers serving overseas and 2,161 in training. Of these, 2,238 are in Africa or preparing to be assigned there. There are 2,194 in Latin America, 1,272 in the Far East, and 850 in the Near East-south Asia re-

gion. The unselfish services of these Americans have been greatly appreciated in every country they have entered. This is a true measure of achievement.

One of the most encouraging signs relative to our program has been the organization of Peace Corps units by other nations of the free world. The Netherlands, Denmark, West Germany, New Zealand, Norway, the United Kingdom, France, Belgium, and Switzerland have all started such programs. In addition, the International Peace Corps Secretariat is helping to create domestic Peace Corps units in a number of the nations where the United States and European Peace Corps units have already been at work.

The great work of the Peace Corps has been recognized by the various nations served, but the most definitive recognition has come from the Philippines, which awarded the Ramon Magsaysay Award, the Asian equivalent to the Nobel Prize, to Sargent Shriver, Director of the Peace Corps.

The Manila Evening News commented that the American Peace Corps volunteers who worked in that part of the world secured a verdict not before vouchsafed to any other foreign group, and that Peace Corps workers achieved in less than 2 years an understanding with Asian peoples that promises to pass all tests.

Mr. Chairman, I am proud to inform this body that many of the Peace Corps men who helped in winning this coveted award were trained in the State of Hawaii. Under the able leadership of Dr. John N. Stalker, Director of Peace Corps projects of the University of Hawaii, volunteers for the Philippines and for other Asian nations have been trained at the Hilo Training Center. The transition training program set up in Waipio Valley, Island of Hawaii, offers a realistic simulated environment for service in southeast Asia, complete with rice paddies, thatched huts, and even a team of carabao.

The Hilo Peace Corps Training Center has been highly praised even by those who at one time said the Peace Corps would not work. One of them, John White, now a Peace Corps official in Thailand said the Hilo Training Center is doing an "excellent" job and praised the atmosphere prevailing at the Hilo project.

Mr. Chairman, I have spoken with trainees at the Hilo Training Center. I have found them fired with enthusiasm and possessed of high ideals. They can only continue to bring credit and favorable reaction to the United States wherever they may serve. The Peace Corps program is one which ought to be continued and expanded.

I urge passage of H.R. 9009.

Mr. Chairman, I ask unanimous consent that the gentleman from Hawaii [Mr. GILL] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

Mr. GILL. Mr. Chairman, I would like to add my voice to others here today in

support of H.R. 9009. I am in full accord with the majority views in the committee report on this bill and urge the Members of the House to support the measure.

The success of the Peace Corps in fulfilling its goals has been demonstrated many times over. More and more volunteers are requested by those countries that have had the opportunity to observe the Corps in action. While we hear many words of criticism of all aspects of our foreign assistance programs, it is significant that seldom do we hear words of criticism of the Peace Corps. Those who withhold their support of this program usually do so on other grounds.

It is noteworthy that this past summer the nearly 1,300 volunteers in 11 Asian countries were selected collectively to receive this year's Ramon Magsaysay Award in international understanding. Often called the Nobel Peace Prize of Asia, this award was conferred on the volunteers "for their contribution to work among people and service to the cause of peace and humanity in a direct and personal way." Usually given only to individuals and to Asians, the award is a signal honor and mark of achievement in the relatively short history of the organization. This, Mr. Chairman, attests to the impact the Corps has had in Asia.

I am especially proud to note that the State of Hawaii has had the privilege of contributing in some measure toward the success of the Corps in Asia. Our Hilo training facility has trained more than 25 percent of the total number of volunteers in five southeast Asian countries. We have had the opportunity to observe these spirited and eager volunteers undergo their rigorous training at Hilo, and have followed their work in Asia. We are proud of the opportunity we have in playing a small part in this tremendously important program.

The Peace Corps needs our support. It is a program that offers hope of achieving the goals of international understanding on a more personal basis. It serves the end that men and women of other lands will look on America as a nation of people, not dollars.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Chairman, I feel the Peace Corps, if it is in any danger at all, it is in danger from its own supporters who are lavish in their pronouncements and their support and in their endorsement of all the press releases that we receive daily from the Peace Corps operations.

I prefer to use a few statistics which the public picks up rather than the complicated philosophy that we have in the House today. I would remind the Members that the Peace Corps was promoted 2½ years ago as a program for dedicated young crusaders who would struggle in the far corners of the world on a fantastic salary of \$75 a month.

We are now told it costs \$9,000 a year to keep this man in the field. In effect, this means 88 percent of the cost of keeping a Peace Corps man in the field is the cost of bureaucracy, and this huge bu-

reaucratic expense is hardly a credit to the Peace Corps man.

May I refer to what the gentleman from New York said a few moments ago, and since I doubt his figures, I wish he would recheck them. I do not see how it is possible for the Peace Corps to receive 6,000 letters a day. I am told that the White House averages 5,000 letters a day, and I do not believe the Peace Corps has outshined the White House as the Great White Father of the Nation.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New York.

Mr. BARRY. In fact, I said that more than 6,000 letters are received. The actual letter count yesterday was 6,625 pieces of mail.

Mr. DERWINSKI. Is this for 1 day?

Mr. BARRY. One day.

Mr. DERWINSKI. Then we should increase the authorization to allow extra millions to handle the mail.

Mr. BARRY. I would like to say that with respect to \$9,000 for keeping a man in the Peace Corps, a great deal of this is in the training prior to his going into the field.

Mr. DERWINSKI. I realize that, and I also realize it is due to the cost of issuing press releases.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Iowa.

Mr. GROSS. If there is so much interest in the Peace Corps, why do they have recruiting teams running all over the country drumming up volunteers?

Mr. DERWINSKI. I hate to be facetious in answering the gentleman's question, but after all, the Marines, the Air Force, and Navy have recruiters, so there is competition for manpower.

The point I make is that according to the latest statistics we have available, there are approximately 7,100 Peace Corps men in the field. We maintain it is impossible for the Peace Corps to reach its goal of 11,300 by the end of this fiscal year, therefore they could not possibly need the \$102 million.

The point therefore becomes: Rather than have the Peace Corps come in year after year with requests for funds they cannot possibly spend, we would do more to help the cause of its altruistic position by putting them on a realistic basis. We should supply the funds actually needed. We would not have to go through additional debate or concern about the motivation of the Peace Corps every year because it would be reporting to us with legitimate figures. As a Member of Congress who voted against the Peace Corps in the two previous opportunities, this is a painful vote to cast. I recognize the crusading spirit, I recognize the tremendous zeal that individuals carry into the field. But I also recognize that despite any number of booklets the Peace Corps itself may publish or any amount of press releases they produce, the Peace Corps is the great mystery of this era. We know nothing about the Peace Corps except that information which has been generated through a 99.5-percent favorable press. I do not

believe that we as Members of the Congress should put ourselves in the position of giving a blank check year after year to a well-meaning but less than perfectly operated organization. For this reason I urge your careful consideration of amendments that will be forthcoming to give the Peace Corps a realistic sum of money that will not in any way hinder its operations and will permit it to continue serving the country.

Mr. MORGAN. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. REUSS].

Mr. REUSS. Mr. Chairman, it is ironic that opposition to this bill is led by the gentleman from Illinois [Mr. DERWINSKI], the gentleman from Iowa [Mr. GROSS], and the gentleman from Wisconsin [Mr. THOMSON], three of my friends and colleagues from the Middle West.

It is ironic, I say, because if there is one area of the country whose heritage and tradition is in accord with the spirit of unselfish cooperation and working together of the Peace Corps, it is our Middle West. It was over our prairies that the wagon trains rode. It was our clearings that the neighbors helped to clear. It was our barns that the friendly people of the Middle West helped each other raise.

It was Abraham Lincoln of Illinois of history and Johnny Appleseed of legend who were the outward and visible signs of what the Peace Corps now stands for.

I am proud that 10 percent of the members of the Peace Corps, 625 young men and women, are from Iowa, Wisconsin, and Illinois. I was proud that when I saw the Peace Corps in Chile a year ago, a young woman from Green Bay, Wis., was there showing them how to be a dental technician. A young man from Iowa was showing animal husbandry to those poverty-stricken people. Another young man from the west side of Chicago was sharing his talents with them.

I hope the gentlemen from Wisconsin, Iowa, and Illinois will consider the bill this afternoon and see whether they cannot be sympathetic to it, so that the young people of Wisconsin, Illinois, and Iowa, who want to volunteer their services in the most unselfish effort of the age, and the young people from the other 47 States, can have an opportunity to do so.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from Iowa.

Mr. GROSS. That frontier the gentleman is talking about out in the Middle West was the real frontier, not the theoretical frontier of the New Frontier and Kennedy.

Mr. REUSS. I am sure these Peace Corps people have the real spirit of the frontier.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from Michigan.

Mr. JOHANSEN. Will the gentleman include me among those midwesterners, since I come from Michigan?

Mr. REUSS. Among the midwesterners who are for the Peace Corps principle?

Mr. JOHANSEN. Let me say I am deeply stirred by his description of this pioneer spirit. He only left out the most crucial point in describing it. It was not tax subsidized.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 7 minutes to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, 2 years ago when we were first called upon to vote for the Peace Corps, I joined a very considerable number of our colleagues who did so with great reservation. Each year since that I have had the opportunity of voting for this bill, I have done so with a little more assurance. It is my intention to vote for it this year. This is not, Mr. Chairman, to say that the operation of the Peace Corps is perfect. On the contrary, there are many deficiencies. We could stand here and recite specific examples of things that have been done incorrectly. My file at the committee table contains instances in which money has been improvidently and improperly, in my opinion, spent. But on balance, I believe the program has been good. On balance I believe it is the best of the programs which may generally be grouped together under the heading of foreign aid—and I use that term in its broadest sense. It has been good in part because, as has been pointed out here earlier this afternoon, there has been a sort of missionary spirit connected with much of this program. That is fine and proper and it is as it should be.

On the other hand, I would not have my colleagues think that all people employed by the Peace Corps are employed at minimum wage levels. If you turn to the hearings on page 43, you will find a table of salaries. You will observe that in the Peace Corps there are 19 people who draw salaries between \$18,000 and \$20,000 per year. There are 35 people, if my memory serves me correctly, who draw salaries between \$16,000 and \$18,000 a year. What I am saying is that this program has been generally good. It has a great deal of the missionary, crusading spirit to which I have previously referred. But at the same time in many respects, it is not what one might designate in its entirety as a bare bones type of activity.

I now must pay tribute to Mr. Sargent Shriver and many of his staff. They have performed their duties in a diligent, and I think effective, manner. I believe they are to be commended upon the fact that they have turned back this year almost \$4 million of the amount that was appropriated for the use of the Peace Corps in the last fiscal year.

As I said earlier, Mr. Chairman, I believe the Peace Corps should be supported again this year. But I think at the same time the amount of money provided in the bill is too great. This can be gone into in more detail later and I am sure it will be more fully discussed. But what I think this committee and this House ought to do today is to pass the bill with a reasonable reduction in the

amount of dollars authorized for the continuation of this program next year.

One other point should be made, Mr. Chairman. That is in the original proposal there were very broad, sweeping provisions for the activity which we know generally as the International Peace Corps. There are activities of this sort afoot now. The headquarters is in connection with our Peace Corps.

The committee felt, very wisely, that if the Peace Corps is a good idea, if it is an American idea, it ought to be continued as an American project.

In modifying the original provisions and in setting a limit dollarwise of \$300,000, we have done a good and a wise thing. I do not believe, Mr. Chairman, that we ought to permit the values which have been extolled here this afternoon of the Peace Corps as an institution of the United States, as a demonstration of the sentiment of our people—I do not believe we ought to permit that to become diluted and perhaps lose its identity as a part of an international peace corps.

Under the terms of the bill as now before us we may give knowledge and skills to countries which desire to set up their own peace corps establishments, but we have fixed a dollar limit and we have removed much of the sweeping authority originally requested for this purpose.

So, Mr. Chairman, I would conclude by urging my colleagues to support this bill and also to support a reasonable dollar reduction, which I do not believe will seriously hamper the proper operation of the program.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DON H. CLAUSEN. Mr. Chairman, the subject of the Peace Corps is receiving much attention here today as it has since its inception. The primary reasons for its acceptance, in my opinion, are twofold. First, the American people have recognized the failure of other types of foreign aid programs which have created a damaging image of America and are looking for a program that will have a longer range, more productive effect. Second, our people are beginning to realize the urgency of establishing a program that will initiate an ideological offensive of our own—an offensive designed to set the stage for winning the cold war against the U.S.S.R. and other advocates of the Communist doctrine.

There are, however, a few observations that I would like to make. Since 1955, I have participated in a program that provides various missionary services throughout the world—a program designed to promote self-sufficiency. This program is carried on with no tax support from the Federal Government. It has been our experience throughout the

years, once a mission station is established and the native staffing is completed—the service continues to expand but the financial requirements of the sponsoring organization tend to decrease. In effect, the mission programs carried on by many denominations can be appropriately identified as private peace corps.

Where I strongly believe in the principle of the Peace Corps, I feel it is pertinent to point out that the requests for additional funds here today suggest an increasing financial commitment to the sponsor—the U.S. Government—the American taxpayer. With this in mind, I believe we should give more incentive and recognition to the efforts of organizations willing to carry out and expand the private peace corps concept—it would appear to be more efficient and truly provide the motivation for people best equipped to carry on the presentation of the American image.

The great struggle between ideologies continues on and will be with us for years to come. The ideological offensive of the Soviet Union advocates a program where the public sector, I repeat the public sector, provides all services to their population—directs their destinies and controls their opportunities. The American way of life is just the opposite—at least, it has been in the past—bringing this country to its present plateau, where we enjoy the highest standard of living. The American way of life advocates a minimal intervention in the life of the individual by Government. Our federal system of government was designed to provide the guidelines, under constitutional law and to create the environment for the private sector to advance and flourish, with a minimum of restrictions.

Quite frankly, I do not believe the full potential of our Peace Corps effort will be realized until the Committee on Foreign Affairs reconsiders the underlying philosophy of the program. Our philosophy should be reflected in all of our foreign aid programs—more emphasis in the private sector and less emphasis in the public sector. Let me make myself perfectly clear. I am for the Peace Corps concept—and will continue to support the cause. However, it will be my intent to do everything within my power to promote the philosophy that reflects the American system. In addition to current programs, I want to vigorously recommend that the leaders of our private enterprise system recognize a new responsibility of providing for our security. They must take the lead in projecting an ideological offensive truly representative of our private enterprise system—it is they who are the most qualified to lead. The Congress might consider broadening tax incentives to expedite the formation of such a program. Further, the creation of a Freedom Academy, sponsored by our private sector, staffed by qualified graduates of our private enterprise system is, in my judgment, the type of program we should advocate as the answer to the Soviet ideological offensive. A defensive posture, by itself, is no longer adequate to

provide for our security in these rapidly changing times. The American people can be proud of their accomplishments thus far in history—let us show the developing nations throughout the world the American way—a program that positively reflects the American image—peace, security, and freedom with justice, under law.

Mr. MORGAN. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. PUCINSKI].

Mr. PUCINSKI. Mr. Chairman, I rise in support of this legislation, and I would like to call the attention of the House to a very pleasant letter I received from one of my constituents, Miss Irene M. Kreuser, who is stationed in Asmara, Ethiopia. This letter points out, among other things, that—

There is a great need for teachers in Ethiopia and, as a part of the university extension program, I am teaching philosophy and English in Asmara. The dearth of teachers is exceeded only by the dearth of books. This is difficult for me to do anything about unless there was a way to defray the expense of shipping books, which I could collect from generous contributors in Chicago. The climate is most agreeable here, but I have not yet experienced the rainy season in Ethiopia.

It seems this young lady is doing a most impressive job in Ethiopia in teaching people there the English language and teaching them about America. This young woman is a real credit to our Nation and I am sure she symbolizes all of the fine men and women who are doing such an excellent job for the United States in the Peace Corps.

I am particularly pleased to note that the legislation before us today makes provision to help ship the educational material Miss Kreuser mentions she needs in the form of books to make her efforts even more effective. This is the second letter I have received from my constituents who are part of the Peace Corps who have told about the inspiring work that the Peace Corps is doing under great difficulties. Making it possible to ship them books and other material, as provided in the bill, will make their work even more meaningful.

It would seem to me, Mr. Chairman, that those who would want to trim this program should give it another look. I think we can all agree we are all for economy. I have supported many measures here that would reduce Federal expenditures. It would seem to me, however, that here we have a program which really has shown some excellent results. It has been operating with the least amount of red tape and has been carrying the story of America and who we are and what we stand for right down to the grassroots level all over the world. I will gladly join those who want to support measures to reduce Government expenditures—but it would be my hope we do not begin here with the Peace Corps. It seems to me we ought to try to find ways to make this program even more successful than it is. I say this because I am sure many Members of Congress have received similar letters from their constituents, young people who are not looking for anything at all except a

chance to serve their country overseas and to tell the glory of our freedom to people all over the world. I think this is a very worthwhile program. I supported it from the outset. It would be my hope that we do vote the committee's recommendation and leave this program intact. Mr. Sargent Shriver, who is a Chicagoan, has done an outstanding job in establishing the Peace Corps and make it a model Federal agency. I shall rely on the Committee recommendations in evaluating the legislation. The Committee has gone over every single item with Mr. Shriver and I am confident if either he or the Committee felt further economies would not impair the program, such economies would be reflected in the measure before us.

Mr. Chairman, I yield back the balance of my time.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I ask unanimous consent that the gentleman from Pennsylvania [Mr. FULTON] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

Mr. FULTON of Pennsylvania. Mr. Chairman, I urge the Members of the House to support H.R. 9009 which further amends the Peace Corps Act.

Under its fine leadership, the U.S. Peace Corps has continued to expand its membership and service to all parts of the world. The original Peace Corps operation began in 17 countries and has now expanded to 46 countries, with more than 4,000 volunteers. I would also like to point out that all of the members of the Corps whom I have had the pleasure of meeting demonstrate a great responsibility and dedication toward promoting democratic ideals in all parts of the world.

The passage of this bill, will enable the Peace Corps to continue to review and revise its concepts of programing, selecting and training of volunteers to give more effective, efficient and economical operation, and better experienced personnel in aiding underdeveloped countries around the globe.

Therefore, Mr. Chairman, I am for the continuation of the Peace Corps because of the excellent work it has done throughout the world during the first 2 years of its existence. Therefore I am in favor of the passage of H.R. 9009.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from Washington [Mr. PELL].

Mr. PELL. Mr. Chairman, the very able and distinguished gentleman from Pennsylvania, Dr. MORGAN, and other speakers earlier in the debate made reference to the number of Peace Corps volunteers and that the Peace Corps did not attain its objective of 9,000 volunteers by August 31, 1963.

I note that the Committee on Foreign Affairs has shown, on page 3 of the report on this legislation, that this delay in reaching its quota was due primarily to two causes—the high standards in selection and, secondly, to adjusting recruitment to specific needs.

I think perhaps there is a third consideration, although I do not have any statistics. However, recently I visited the University of Washington, and the president of the university, Dr. Charles E. Odegaard, mentioned that in the university's training program, he had observed that great care is used to weed out any individuals not properly suited to the work for which selected. By careful screening during the training period, potential misfits are eliminated just as soon as any evidence develops. This probably explains why there has not been much, if any adverse criticism about the program. Also this may have slowed down the achieving of a predetermined level of volunteers, but it is sound procedure. It is such a selective recruitment system that makes a program succeed, even though in this case the Peace Corps administration might run into criticism that it was not meeting its objectives.

I must say I have been pleasantly surprised at results of the Peace Corps. This is a foreign aid program that is successful. I support this program.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from South Carolina [Mr. HEMPHILL].

Mr. HEMPHILL. Mr. Chairman, in 1961 when this legislation was presented for the first time to the U.S. House of Representatives I happened to be sitting in the back of the Chamber, close to my late and beloved friend, John Riley, who was at that time a distinguished member of the Committee on Appropriations and who had long been a personal friend of mine. As we were talking about the legislation, the prospects for the future, and the good that this Nation might realize and that other nations might realize from it, he said, "I am going down to the well of the House and express myself on this particular legislation." And I will never forget what he said.

In effect, he said:

I do not know what my generation has done for future generations. I do not know what we can say to them that we have done to assure their place in the sun. But I feel that the Peace Corps is their chance to take their place and do their part, and I am for the legislation. Let's give them that chance.

Mr. Chairman, I feel that he was right in his analysis and right in his prophecy. I have never voted for foreign aid but I urge support of this particular effort because I believe that this is the way—here is the way—to put people-to-people, heart-to-heart, and contact-to-contact in work and teaching other peoples less fortunate than we are.

Mr. Chairman, I think Director Sargent Shriver has done the best administrative job possible. When I read in the report such catching phrases about what we are trying to do as "eliminate unemployment, delinquency, and anti-American passions" in countries overseas, I know of no higher purposes in connection with any part of our foreign aid program.

For my part, I would much rather see us make the effort through participating in a baseball game in Venezuela

than have to read in a book such as the one entitled "The Ugly American" of a cocktail party high on some hotel roof in some foreign country.

This is a program of the young people. This is a program of the generation to which tomorrow we hand this country and its responsibilities. This is the program which I think has had the finest measure of success of any program in which we have spent our money across the waters, to which I am usually diabolically opposed.

Mr. Chairman, I realize that they have made some mistakes. If they had made no mistakes they would not have the humanities we expect in a program like this. If they had made no mistakes, some of the Members of Congress would find much unhappiness in the fact that they made no mistakes. But when people have done a job that has caused bipartisan support on both sides of the aisle, certainly such a Peace Corps deserves our support.

I received a letter this morning telling me that some of my good friends here, men whom I admire very much, are going to try to cut the program. Ordinarily, I would be in favor of that. But then when I turned to the 1962 Peace Corps report and found out that in some countries they have so many people and they have other people in training for the country, then in other countries they have some people but they do not have other people in training, it came to me, with suddenness, that the efficiency of this administration is detailed in this report. If something otherwise were found and it were bad, certainly, they would not delineate between those countries which need other people and those countries which do not need the additional people.

Now, Mr. Chairman, I read further in this particular report something which again aroused my immediate interest. I read the phrase "tough and neglected people." Maybe our troubles in Latin America and South America are due to our neglect of people in those categories. The Peace Corps seems to me to be the answer.

I could scarcely believe my eyes when I read that a few of our colleagues believe the Peace Corps is in danger of becoming an enthusiastic crusade.

I could understand the Communists calling the Peace Corps a fetus of neocolonialism and a Trojan Horse—as they have recently done.

But to become concerned about the Peace Corps becoming too enthusiastic and possessing a crusading spirit—well, that, Mr. Chairman that is like saying the Nike-Zeus is too accurate, or Billy Graham and the Pope too religious, or Grace Kelly too beautiful.

Those of us who have had experience with Government agencies know too well how unenthusiastic the bureaucracy can be. We have all decried the redtape, the stuffiness, the creeping pace at which some agencies work.

Now there comes along a program that in less than 3 years has captured the imagination of the world—a program which both George Gallup and pollsters

report is supported by 75 percent of the American people—a program which has proved that Americans are not as flabby and soft as some of our critics say we were—a movement which denies Khrushchev's charge that American young people are nothing but "dissident good-for-nothings"—and what is the reaction?

That it is in danger of becoming an enthusiastic crusade.

Permit me to point out, Mr. Chairman, that the Communists are crusading to win the world. They are not ashamed to be enthusiastic or fervent or dedicated. It is not a secret that in Latin America the Communists and pro-Castroites are almost always better organized and harder working than anyone else. The Communists have learned that they do not have to be a majority group to exert excessive influence—they have learned that energy and devotion can win where numbers would fail. It is an open fact that among the hardcore Communist student leaders in Latin America the foremost requirements for leadership are zeal, hard work, and dedication.

So let us not be ashamed to support a program that is enthusiastic, that is crusading for democratic ideals and free institutions. Mr. Shriver, his colleagues on the staff, and volunteers in the field have combined with this enthusiastic spirit a tough-minded practical approach that deserves our admiration and our support. I say we need more enthusiastic crusades like it.

I support the Peace Corps and salute the efforts of those dedicated men and women who are making it work and live and produce all over the world.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield such time as she may consume to the gentlewoman from New Jersey [Mrs. DWYER].

Mrs. DWYER. Mr. Chairman, I rise in support of the Peace Corps legislation.

Mr. Chairman, few undertakings of the Federal Government have so established their value and importance so quickly and so obviously as has the Peace Corps during its first 2 years of existence.

The proof of this fact shines forth in the many remarkable achievements of this unique people-oriented agency, achievements which even the early skeptics now readily concede: the open and unabashed idealism and generosity which the Peace Corps program has unleashed among young Americans and guided into constructive channels; the enthusiastic reception Peace Corps volunteers have received in the countries which have welcomed them, and the growing number of new and repeat requests for their help; the continuing high caliber of the volunteers themselves and the maintenance of high selection standards by the Corps; the record number of applicants today, long after the bloom could be expected to have worn off a less substantial program.

The Peace Corps, Mr. Chairman, will not save the world for freedom, and its

most dedicated people would never claim such an objective. The Corps knows its limitations as well as its strengths, but it is motivated by that highest of objectives: the desire to help the less fortunate of our fellow human beings.

In pursuing this modest but immeasurably important goal, the Peace Corps is not only doing its job but it is displaying your country and mine in its finest colors.

The House has the opportunity today to express its faith in the nobility of the Peace Corp concept and its support of a working program in which we can all take great pride.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. O'Konski].

Mr. O'KONSKI. Mr. Chairman and Members of the Committee, last Saturday I received an emergency telephone call from the district which I have the honor to represent, which is directly related to this bill. The purpose and the nature of the telephone inquiry prompts me to make inquiry of the chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN], to see if some solution can be arrived at of the problem with which I am faced.

However, Mr. Chairman, before I do that I wish to state that I originally voted against the original Peace Corps bill. I watched it develop for a year, and when I saw the good start that it made I voted for it the second time, and I shall vote for it again this time.

The problem I have is this, and the gentleman from Illinois [Mr. PUCINSKI], also raised it partially but got no answer.

The telephone call I received was from the Lion's Club in Superior, Wis., the largest city in my district. They received some pleading letters from a member of the Peace Corps in the Philippine Islands telling of the great admiration the rank and file people of the Philippines have for the United States. He stated that the greatest problem he was facing in his work as a Peace Corps member was lack of books. He pleaded with the people of his hometown to send him books.

So the Lion's Club got the students of the school system in the city of Superior to solicit the area and they came up with over 2,000 usable, first-class books. These books are all wrapped in the post office at Superior and have been there for approximately 10 days. The postmaster has served notice on the Lion's Club to either get the books to the Philippine Islands or out of the post office. We made inquiry of the Peace Corps officials and found out there are presently no funds available for the transportation of these books. I think this is an important area, and I would like to ask the chairman of the committee or anybody who can answer the question, particularly since \$4 million has been turned back, which I greatly respect the Peace Corps officials for doing, is there provision in this appropriation bill for the important work and inexpensive work of getting these good, usable books to the areas where they are needed? If it is not provided for in this bill it ought to be.

Can the chairman help me in solving this problem that the people of Superior are having?

Mr. MORGAN. The gentleman may be assured that section 5 of this bill under consideration today will help with this problem. If the gentleman will read section 5 and follow it up in the report, section 5 amends section 10(a) he will be reassured. This authority will make possible the payment of transportation of books on a selective basis.

Mr. O'KONSKI. I can tell these people who made the telephone call to me that if this bill passes the problem will be solved, just hold the books in abeyance until the Peace Corps bill is passed. These books will be picked up and shipped by the Peace Corps. Am I correct?

Mr. MORGAN. Yes; the authority is provided by this bill. There may not be enough money to ship every book that may be donated in the future.

Mr. O'KONSKI. I thank the gentleman. This makes for a better bill.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. COHELAN].

Mr. COHELAN. Mr. Chairman, around the world today the peoples of the newly developing countries are struggling for economic and social progress. In a very real sense our freedom, and the future of the free world, depends on their success—on their ability to build stable, independent nations where men can live in dignity, liberated from the bonds of hunger, ignorance and poverty.

One of the great obstacles to the achievement of this mutually held and vital goal is, of course, the lack of trained men and women with the skill to teach the young and to assist in the operation of development projects—men and women with the capacity to cope with the demands of swiftly evolving economics, and to unleash the capacities of a nation for growth and progress.

To meet this critical need for skilled manpower, to meet the demand for workers with the ability to substitute modern for outdated and unproductive skills, we initiated the Peace Corps. The time since 1961 has been too short for thorough evaluation, but the immediate indications are that the program has been an outstanding success—that the hopes and confidences of the American people and the Congress have been justified.

As the committee has stated in its report on H.R. 9009, the countries in which the Peace Corps has operations have requested more volunteers. Additional countries are seeking Peace Corps assistance, and the number of qualified applicants is higher than ever before, despite the fact that entrance standards have been raised.

In Africa, volunteers have enabled many countries to increase vastly their school enrollments, to improve previously unmanageable pupil-teacher ratios, and to broaden and deepen curriculums.

In Latin America, a long list of vital public works projects have been initiated and completed with volunteers' assistance. In Colombia alone, as the Peace

Corps' very able and hard-working Director, R. Sargent Shriver, has pointed out, this list includes the building of more than 100 schools and school kitchens, 30 aqueducts, 49 roads, and 14 bridges.

And in the Far East, the Peace Corps volunteers, serving in 11 nations, were the first non-Asian group to receive the Ramon Magsaysay Award—an award which has been called Asia's equivalent to the Nobel Prize. As the Manila Evening News stated in commenting on this unique recognition:

In 22 months of quiet labor, Peace Corps volunteers have secured a verdict not before vouchsafed to any other foreign group. Peace Corps workers achieved in less than 2 years an understanding with Asian peoples that promises to pass all tests.

Mr. Chairman, the bill before us today calls for a modest, realistic increase in this program. And the experience to date indicates that the new funds will be used prudently and with restraint. The fact that the Peace Corps this last year, on its own initiative, turned back \$3.9 million of unobligated funds to the U.S. Treasury, is strong evidence to this effect.

This is a program in which Americans can take pride. It is a program which by helping others to help themselves may truly be said to be in the best tradition of our country. It is a program which deserves our continuing support and encouragement, and I urge that this bill be approved as a further and practical step toward increasing the welfare of man and enhancing the cause of freedom.

Mr. MORGAN. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. JOELSON].

Mr. JOELSON. Mr. Chairman, I rise in support of the pending legislation.

I would like to call the attention of the Members of the House to what I consider some very curious language in the minority views. I refer to the last paragraph, which states:

It would be better for the Congress to continue the program in more modest dimensions that are built upon a solid basis than to allow some at home and abroad to pervert it to an enthusiastic crusade.

I do not know how jaded or cynical we can get, but I fail to see anything perverted about an enthusiastic crusade in the cause of democracy around the world. I am very happy that these are minority views, because if the day should ever come when it is the majority view of this Congress that an enthusiastic crusade is something to be sneered at, laughed at, or criticized, we will be in deep trouble.

I would like to ask the signers of these minority views if they really mean that an enthusiastic crusade in the cause of democracy around the world is anything to be ashamed of?

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JOELSON. I yield to the gentleman from Iowa.

Mr. GROSS. I should not have to remind the gentleman he has probably voted for every enthusiastic spending crusade since he has been a Member of

Congress. He seems perfectly willing to vote all the money anybody ever asked for any project. So far as I am concerned, that is what I was alluding to in the overfinancing of this Peace Corps program.

Mr. JOELSON. I have not voted for every spending measure, but if I think something is an enthusiastic crusade for the best interests of America, the gentleman can be well assured I will support it. I think destructive criticism is what is so damaging to our country.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, I am among those who were very skeptical when the Peace Corps was first suggested. We had had the year before an amazingly fine portrayal of a peace program by Walter Judd. When an almost identical program was brought before us by the Peace Corps it made me feel that the suggestion was good. Then as I watched the various possible roads to success I was skeptical. I voted for it, however. Every year since then I have done the same. I have watched it exceedingly closely. I have been in correspondence with many Peace Corps volunteers, some of them my friends, and children of friends, of course. I have had some expression of criticism of the way things were done. A number have felt it was not fair here and it was not fair there, and so forth. I have checked them all and have found that very few have held water.

There have been very few of the many who have gone over who have had to be sent back, many of those for reasons of health. I think that is a record of which we should be very proud. What it means, of course, is that they have been exceedingly careful in their screening of applicants. Now they are increasing that care. They are making it more difficult in every way. There are increasingly high standards, not only just physical standards, because the wear and tear is really something, but psychological standards, general capacity for work, desire for work, and then the personality of the individual.

We had one statement that there was a very fine Ph. D. who was very eager to serve but he was finally refused because of his personality. Work that is so close to the people of the country as is the work of the Peace Corps makes it exceedingly important that this principle be continued. I think we stand in no danger of its discontinuance.

I was interested this morning in reading a little squib in one of the inside pages of a paper that in one of the countries of east Africa, they are very, very critical of the teaching of English. They could not understand the English that the teachers were teaching. They happened to be American teachers. Their background of English had been British English. Of course American is difficult for them to get used to. We go to England and we do not always understand what they say, and they certainly do not always understand what we say when

they come over here. But those are matters that work themselves out.

My colleague, the gentleman from Indiana [Mr. ADAMS], said that he had voted for it with some reservations. I think many of us did in the beginning but we have fewer reservations today. And surely we are willing to recognize the fact that the standards we use should be tightened. Of course we do not go over there to teach them democracy—but we do try to live democracy.

It may be that there is an area which the Committee on Foreign Affairs has not looked into sufficiently. Perhaps we have not compared Peace Corps members and funds with other organizations working overseas. We have not set the comparisons up in columns to see how well the Peace Corps really stacks up. For myself, I feel it stacks up very well. And I do know that those of us who have seen them at work and those of us who have, as I have done many times, talked with them before they left and talked with them when they returned—and you know we have the first batch back this year—I, for myself, am going to watch those young people. How well do they do when they come back and what do they do? The next year we will have a background of what they have done and what this working overseas has done for them and what it can do for us and for the entire country.

Mr. Chairman, I am hoping very much that the House will see fit to pass this bill. Of course, we probably will have amendments. Those will be discussed. I should be very sorry if it were slashed too deeply because we know they return what they do not use. They are very careful. You know they look a little bit to me like Connecticut Yankees—like myself—they like very much to have the money used in the right way. When they cannot use it, they return it. I think that is a very valuable activity to have as a part of any Department of our Government.

Mr. MORGAN. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. MURPHY].

Mr. MURPHY of New York. Mr. Chairman, the first wave of Americans we sent overseas in the Peace Corps 2 years ago are coming home. Virtually none of us will gainsay the fact that they have represented the American people with courage and dignity.

Mr. Chairman, I would like to answer a question raised by the gentlewoman from Ohio.

The Wall Street Journal recently pointed out that American industry is vying for their services. Blue chip firms such as IBM, Du Pont and the First National City Bank in New York are actively seeking to recruit these Peace Corps veterans. And well they should, for their mettle has stood the acid test for 2 years.

It may surprise some of us to learn, however, what they are doing now. Apparently these Americans take their idealism to heart. For they are more interested in continuing their public service than in taking the handsome rewards industry is offering. Of 413 returned volunteers, almost half are re-

turning to study at the graduate level, most of these on scholarships and fellowships. Peace Corps volunteers, for instance, received 78 percent of the Ford Foundation fellowships offered to persons who wish to prepare for service in developing countries. Sixty are now employed by the Federal Government. Three hundred and thirty-one have filed for the Foreign Service officer examination, 63 for the U.S. Information Agency examination, and 54 for positions with AID. Fifty-two volunteers are already at work teaching in American schools.

We are doing much more than simply sending energetic Americans to work abroad in the Peace Corps. We are getting a steady stream of dedicated public servants back into the United States: Tested and tough, and imbued with the same kind of idealism that is at the very bedrock of our Nation.

Mr. MORGAN. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. O'NEILL].

Mr. O'NEILL. Mr. Chairman, 1 year ago, while speaking on the rule, I read a letter I received from a Catholic priest, and I think it bears repetition because it is one of the greatest arguments I have ever heard for the bill. Father Tom Cronin, who is a native of my city and whom I have known since he was a boy, came from the Philippines and wrote me as follows:

More than 300 Peace Corpsmen arrived recently in the Philippines. The impact of their arrival was greater than the impact of the 50-megaton bomb exploded by friend Khrushchev. And the fallout promises to be more effective still. This is the first time that a major power has crossed the ocean with books, not guns, brains not bombs, for peace in order to win a war.

This is the greatest export the United States has ever made. Better than sewing machines, TV sets, refrigerators, tractors, or jeeps. All the world loves the Irish. And well they might. For years the Irish have been exporting the most popular commodity on the market. Real live human beings. Mostly priests and nuns, who in one capacity or another end up teaching people of every shade of color in the human spectrum. And now the United States is catching on. The best the United States had to offer formerly was a cowboy with his six-gun. He was a likeable guy. But he always did a lot of shooting. Out here 11,000 miles from Boston, people get impressions of America which are terribly unjust. For most of the people out here, America means "Al" Capone, "Billy the Kid," Marilyn Monroe, divorce, two cars in the garage, and one lonesome baby in an overstuffed cradle in a jumbo-sized house. They like us all right.

A new image is taking shape. True, America has been helping people all over the world with food and clothing. But always, we send things. Now we are sending people, people whom the people of Asia can get to know as the real Americans. They will eat their food, they will sleep on mats in nipa huts, they will pet their babies. They will teach with their teachers, they will farm with their farmers, they will nurse with their nurses. One American living in a Philippine town is worth more than a whole boatload of corn. A boatload of corn is hard to digest, but a real live American, him they can love.

The United States has finally realized that superiority in the realm of material things is useless without the corresponding superiority in things of the spirit. To my mind

nothing typifies that new attitude more than the Peace Corps. May their tribe increase.
Sincerely in Christ,
FATHER THOMAS J. CRONIN.

I hope that this bill for the Peace Corps increases through the years. To me I think this letter is a thing of beauty. I think it perfectly pictures the great job that the Peace Corps is doing in the various sections of the world.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Chairman, I strongly support that bill and I am very gratified to see it has such strong bipartisan support.

There is no part of the world where the Peace Corps is not acknowledged as representative of the best in our American life. There is no better weapon working for peace through bringing truthful understanding among the peoples of the world. Our Communist opponents have not been able to match it. The Honorable Sargent Shriver, as Director, has been able to set standards and "esprit de corps" unique in a non-military organization. The record shows that if the money cannot be well spent, it just will not be spent. What a fine example. One must sometimes wonder what some of the "agins" would vote for. I commend those of my Republican colleagues who stand firm today in their full support of a great nonpartisan American success and achievement more needed today than when it was conceived by President Kennedy.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. RYAN].

Mr. RYAN of New York. Mr. Chairman, I rise in enthusiastic support of this highly successful program.

In the 187 years since the signing of our Declaration of Independence, the American ideal of freedom and human worth has never burned more brightly than it does today. Believing that there is a universal desire for peace and believing that man's ancient adversaries must be removed from the earth, thousands of young Americans have taken this ideal into the darkest, most desolate corners of the earth. They daily show the less-fortunate people of the world that America is able and willing to help them. The Peace Corps affirms that the American Revolution was one for all mankind, for all time.

Because I believe the Peace Corps manifests the best in that ideal, I am speaking today in support of H.R. 9009, a bill to authorize \$102 million for the Peace Corps for fiscal year 1964.

The Peace Corps began in 1961 with less than 500 volunteers working in 8 countries and operating on an annual budget of \$30 million. By the end of the summer in 1962, the Corps had more than 3,500 volunteers in 38 countries. By the spring of 1963, there were more than 5,000 American men and women in 45 countries on 4 continents.

The Peace Corps has enjoyed remarkable success. The reports have been coming in now for 2 years, and the accomplishments have been most impres-

sive. Men and women of the Peace Corps, in the true American revolutionary spirit, have, among other things: saved lives, grown rice, taught people of all ages how to read and write their own language, have created food industries, started farms, built roads, schools, and hospitals, planted forests and, more importantly, have created good will and friendship.

In short, much has been done in these 2 years, but what is most striking is what is yet to be done. Author Frank Laubach's comment in 1951 about the work of volunteer agencies could well apply to the Peace Corps in 1964—"Wake Up or Blow Up," Fleming H. Revell Co., 1951, page 109:

We must offer our technical skills, asking neither favor nor profit in return. We must show them how to get 10 times or a hundred times as much from their land as they get now. We must show them how to conquer those diseases and insects that kill their crops and animals and children. We must show them how to conquer malaria and hookworm, and dysentery and venereal disease and plague. We must help them as they struggle up out of their hell. We must go to their sides and help them. There is no substitute for the real, living, loving person rubbing elbow to elbow with the people who toil. We must have 100,000 technically trained men of unimpeachable integrity over the world, to help people help themselves. We must give or loan money when these technicians call for it.

It was with this kind of situation in mind that the Peace Corps was born, and it is recognition that much of mankind is still trying desperately to "struggle up out of their hell," that tells us the Peace Corps must be permitted to meet its new challenges.

When Congress established the Peace Corps on September 22, 1961, the objectives were clearly defined in the establishing act. Only after an exhaustive study did Congress appropriate the first dollars and approve the objectives of the Peace Corps. Today those objectives are still valid. Simply stated, those objectives are to make available to interested countries American men and women who will help their peoples improve their lives and in the process help them better understand the American people and their democratic ideals.

It has become increasingly evident even to the most cursory observer of world affairs that, if there is to be peace in the world, the people of the have-not nations must, I emphasize that word—must—be given the opportunity to achieve a life of dignity, opportunity, and emotional and spiritual well-being. The Peace Corps is giving such help.

President Kennedy, when he was a Senator, expressed what Americans had known for more than a century and a half; namely, that the desire to help the less fortunate springs from the American democratic philosophy and the ethical values of our society. The Congress must be aware that the idea of an operational Peace Corps has captured the imagination of the American people. This is heartening evidence that Americans have not evaded their responsibility and that the American ideal is still very much alive.

Mr. Chairman, much of the world is hungry, ill-housed, disease ridden. Americans in true revolutionary tradition are concerned about the less fortunate of mankind and man's irresistible drive for human dignity and individual freedom.

The Peace Corps represents the best in the American ideal because it helps the peoples of the world follow the American example of peacefully reordering their society within the philosophical concept that man is capable of determining his destiny.

The Peace Corps is a reflection of our diverse, pluralistic society. The peoples of Latin America, Africa, and Asia see young men and women of different color, different religious faiths, different economic and social backgrounds, and different geographic and cultural heritages, leave our shores with a common purpose—that somehow Americans must help the less fortunate of the world attain a higher degree of human dignity. To do less would be a travesty of the American ideal of which I speak today.

We must encourage this great work, not because the program must be sold. The Peace Corps is already sold to more American volunteers than the Peace Corps can train, and to more interested countries than the Peace Corps can supply with volunteers. In a word, the program can stand on its own merits and on its own record of success. The question before us is are we willing to permit the Peace Corps to carry out the historic mandate of the American tradition of helping others secure human dignity.

This bill, H.R. 9009, deserves the support of this body. America has a historic opportunity. How shall we meet it?

As Shakespeare put it in Julius Caesar: There is a tide in the affairs of men, Which, taken at the flood, leads on to fortune;

Omitted, all the voyage of their life Is bound in shallows, and in miseries. On such a full sea are we now afloat, And we must take the current when it serves, Or lose our ventures.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. GALLAGHER].

Mr. GALLAGHER. Mr. Chairman, I heard it stated at the outset of the debate that there were very few witnesses or not sufficient witnesses before the committee. Any witnesses who wished to appear were certainly welcome to appear. The fact of the matter was that there was not sufficient criticism of the program to warrant the criticism that was asked for by those who seemed to be unhappy at the fact that the program has been successful.

I would also like to point out to the Committee on Foreign Affairs that no Member of the Congress, either in this body or the other body, has sat through so many days of hearings or so many days of markups as has the gentleman from Pennsylvania, Chairman MORGAN, of the House Committee on Foreign Affairs. His dedication to duty should be an example to every Member of this body. Also there was a remark passed that the Peace Corps is fast becoming one of the large bureaucracies of the

Government. I would like to point out that in the fiscal year 1962, 33 percent of the Peace Corps budget was for administrative costs. This was reduced the following year to 28 percent, and in the fiscal year 1964 budget requirements will be down to 19 percent.

Similarly in 1962 there was one staff member for every four volunteers. There was 1 staff member in 1963 for every 7 volunteers and the Peace Corps estimates that this year there will be 1 staff member for every 10 volunteers. This is not just the result of statistical gamesmanship.

I would like to point out that the actual staff of the Peace Corps has declined in absolute as well as in relative terms in recent months. Some people see this as a question of tax advantages for corpsmen. Someone pointed this out earlier in the debate. I would like to point out that there are absolutely no special tax advantages that are given to any members of the Peace Corps in any respect whatsoever.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. Yes, I am glad to yield.

Mr. CURTIS. There are two specific tax benefits given the Peace Corps under a special bill passed out by the Committee on Ways and Means. The Peace Corps people, if they report a lump sum at the end of 2 years are permitted to pay the tax on the basis, not of receiving all that money in 1 year but according to the rates on half of it for 1 year and the other half in another year.

Mr. GALLAGHER. Let me answer that first. The gentleman is now talking about \$75 that is given to the Peace Corps volunteers at the end of their service.

Mr. CURTIS. I am talking about whatever remuneration is given them.

Mr. GALLAGHER. The gentleman is talking about that \$75 that is held up until they leave.

Mr. CURTIS. I am stating exactly what the situation is, whatever the amount may be. I am saying that the bill applies to whatever the remuneration is.

Mr. GALLAGHER. It is not in an area where it could be considered a great tax benefit.

Mr. CURTIS. That is not the point. The gentleman said that there was no tax privilege and I said that there was. The gentleman may say that it does not amount to anything.

Mr. GALLAGHER. That is exactly what I say.

Mr. CURTIS. But the privilege is there. The other privilege does amount to quite a bit; that is the allowances they are given during the time they are in training here.

Mr. GALLAGHER. Mr. Chairman, I cannot yield further. The gentleman had some time earlier and I have answered his question. I have been granted only 5 minutes and if I have additional time I will be glad to yield later.

They call this a benefit to these people, the \$75 that is held up until these people finish their term of 2 years. If that tax benefit is viewed in this manner then

it is a small advantage that these people are given. I think we ought to talk about some of the things that these volunteers have been doing. There have been six of these people who have already died for their country. There are Gold Star mothers of the Peace Corps, also, I might say. There were two people who died and their sisters took their place. These people are out in the boondocks. Some have contracted diseases that they will have for the rest of their lives.

Some are talking about managing an image. These people have created an image themselves so that it is not necessary for the able staff of the Peace Corps to manage an image. These people have created an image of the good American, like the good Samaritan, in place of the ugly American. The gentleman from Washington [Mr. Pelly] put his finger on this. We have been sending people out into the boondocks to represent the United States with faith, with devotion, with true patriotism. Whether they bring along their soap boxes or not, they are out there living Americanism.

Mr. Chairman, I am unable to see the wisdom of this amendment to reduce the Peace Corps authorization below \$102 million.

For one thing, Sargent Shriver came before the House Foreign Affairs Committee and voluntarily cut his request from \$108 to \$102 million.

He did not have to do this. He could have done as other agencies do and leave in his request a little "fat," knowing that the committee and the House would reduce him. He would then be able to claim that he did not get all he wanted from us.

But once Mr. Shriver determined that he did not need \$108 million, he took the initiative and requested the reduction to a figure he says is honest. If the House further reduces that amount, we will be guilty of perpetuating the old shell game whereby the executive branch asks for more than it needs because it knows the Congress is going to cut arbitrarily anyway. Once a man like Mr. Shriver, who has always dealt fairly with the Congress, revises his request on the line of actual need, I think we should accept his request in good faith.

One thing is certain, Mr. Speaker. The Peace Corps will return to the Treasury any funds that are not spent. It gave back almost \$4 million at the close of the last fiscal year. How many of our colleagues have heard of an agency indulging in this kind of fiscal responsibility.

I think the Peace Corps should be congratulated for refusing to sacrifice quality for quantity. Mr. Shriver did not bring into service as many volunteers as he estimated last year he might do. Nor did he bring into service as many as he could have. Instead of reaching his estimate of 9,000 volunteers by August 31, he had on board on that date 6,634.

Two reasons account for this. One is simply that the Peace Corps deliberately applied higher standards to the selection of volunteers as the result of research and field experience showing what kind of person makes a successful volunteer. For example, greater

stress is being placed upon language aptitude tests as a general predictor of success overseas. The Peace Corps doubled the amount of language training and raised standards of language competence. Standards were raised and made more stringent in matching skills to overseas needs.

Thus, Mr. Chairman, while the number of applicants has tripled, the Peace Corps is selecting proportionately fewer volunteers from the total input.

The second factor in the difference between the Peace Corps estimates and the present number of volunteers is the shortage of available people with the skills in highest demand overseas. Mr. Shriver had requests for more than twice as many mathematics and science teachers as we have sent abroad. The supply of trained agriculturalists also failed to meet what appears to be an insatiable demand. Other scarce skills are in great demand: Engineers, geologists, doctors, and nurses, to name only a few.

The Peace Corps could have chosen to respond to requests for programs with skills which are more easily filled than those which the countries particularly requested. Or it could have chosen to relax its selection standards. Either choice would have enabled it to meet on time the estimates made to the Congress last year. But neither choice would have produced the kind of Peace Corps Congress has supported enthusiastically the past 2 years. Mr. Shriver chose not to compromise. As a result, he turned money back to the Treasury and on his own initiative reduced his estimates for next year.

I think he should be congratulated—and supported.

Now we come to the argument being offered that the Peace Corps should be cut anyway—that it is growing too fast, that it is getting too big.

But what do we mean by "too big"? Too big for the need abroad? Too big in light of the poverty, illiteracy, and disease overseas?

Too big in the light of the intensity of communism's efforts overseas to project its image to the people of developing nations?

Too big in the light of America's need to express its basic principles on a people-to-people basis in the villages of the world?

No, I cannot believe it is getting too big.

Certainly you can vote to cut more money from the authorization. But let me point out some of the effects that such a cut would have.

First, in Latin America the forgotten rural villages, villages that official economic development plans have not included yet, would be forsaken if it were not for the Peace Corps. More than 300 volunteers will be returning from these obscure communities next summer after having helped these people—who were formerly considered helpless—take what has usually been their first step of progress: A town meeting, a public shower, a clean well, or just a new pair of rawhide sandals to protect against hookworm.

With the funds requested the Peace Corps must do more than just replace these volunteers. Over 700 more are included in the \$102 million request. Each of these volunteers is in answer to hundreds of new requests for one volunteer. In Central America last week, a mayor from a town of 400 people found his way into the country's capital city—the first trip he had ever made. He had heard of the Peace Corps from a neighboring village and his townspeople petitioned him to ask for one for their community. He had to sign his request with an "X." The Peace Corps hopes to fill his petition from its expanded program next summer.

Second. Perhaps the greatest impact of the Peace Corps in Latin America has been through its work in the slums which ring almost every Latin city. Here misery is at its starkest, the downtrodden are most accessible to Communist propagandizing, the people are the most desperate and forgotten. The Peace Corps is unique in its work in these areas because the volunteers have not been afraid or ashamed to move in with the slum dwellers and share their problems. Volunteers are living as members of the Latin slum communities, often without plumbing, electricity, water, heat, or light. Where other programs give money or send people in from the outside to help by the day, the Peace Corps volunteers are inside, taking part in the total lives of the residents.

No program has caused more aggravation to the Communists than the Peace Corps. Agitators have threatened the volunteers to get them to move out; others have spread false propaganda among the people about them. In Arequipa, Peru, it was said that volunteers involved in a Public Law 485 school feeding program were poisoning the children; the residents, who had been living and working side by side with the volunteers knew better. They awarded the Peace Corps the annual silver medal of the city for service to its residents. From Cuzco came another citation for "incomparable service."

The Peace Corps presently has more than 400 volunteers in urban slums working in Latin America and has plans to put in 489 additional volunteers mostly in new projects this spring and summer with the funds it requested. Any diminution of funds will mean a corresponding cut in this vital program.

The Peace Corps has just recently opened up the field of university teaching in Latin America to volunteer participation. It now has 137 volunteers in 40 universities in 7 countries—Venezuela, Colombia, Bolivia, Peru, Jamaica, Dominican Republic, and Costa Rica, plus 28 in training. There are 245 more firm requests for university teachers in this vital field of training tomorrow's leaders in Latin America, requests that could not be fully filled if the Peace Corps funds were drastically cut. The Peace Corps has been invited to send university teachers to Chile and more to Venezuela where crucial elections will be held during the coming year. Other requests come for first programs in Ecuador, Bra-

zil, Guatemala, Honduras, El Salvador, and Panama, while requests for additional volunteers have come from Colombia, Bolivia, Peru, and, as mentioned before, Venezuela.

These Peace Corps university programs have demonstrated that they hit the Communists where it hurts, among the intelligentsia of the country. The Communists already tried unsuccessfully to organize a national student strike to remove the Peace Corps from the universities in Peru. The leftist tendency of the Latin American university populace is well known—it was students that split on Vice President Nixon when he was in Peru. The opportunity to expose the Latin students to Peace Corps volunteers should not be lost for the saving of a few pennies.

Fourth. The Peace Corps has made a most dramatic impact on Bolivia. President Paz, during his recent visit to the United States, called the Peace Corps volunteers the most democratic and most warmly received Americans ever to arrive in Bolivia. He said that they are also the hardest workers. At present there are only 123 volunteers in Bolivia but the full funds requested will allow a growth to triple that number by next summer. The Peace Corps has undertaken a major health project and is also active in the fields of agriculture and university education. More are needed to continue this work. Additional volunteers are needed to continue the modernization of a leper colony. The activities of the Peace Corps have stimulated similar activities on the part of a Bolivian Peace Corps. Many future, joint activities have been planned. To curtail this work—which has been more productive both economically and socially than other projects in Bolivia costing far more money—would be foolhardy.

Fifth. Most of Nigeria's population of 40 million people are engaged in subsistence agriculture. Here is a country three times the size of Italy, well endowed with natural resources, which is still not feeding herself adequately. The Peace Corps has repeatedly received requests for volunteers to help in improving agricultural practices, but until now has had to restrict itself to the field of education.

This summer for the first time, the Peace Corps will attempt assistance in this field, which is so directly related to the welfare of Nigeria's people. Volunteers working in agriculture will meet and get to know a whole new section of the Nigerian people.

Nigeria has put the highest faith in America by welcoming volunteer teachers in increasing numbers into her secondary schools and universities. The Peace Corps now has an opportunity to confirm that faith by sharing America's agricultural knowledge with Africa's largest nation. To cut this program with its impact would indeed be false economy.

Sixth. For the past year and a half, 16 Peace Corps volunteers assigned to rural construction in Sierra Leone have pioneered the field of self-help community development in Africa. Working with the local chiefs and voluntary village labor, they have laid out roads, helped to build bridges and culverts,

schools, and water systems. Their pilot project has been so successful that a Cabinet-level resolution has just been passed requesting that the number of volunteers be doubled and their activities greatly expanded from its base in the northern province to include all three provinces of the country. In conjunction with this, the rural development budgets in each of the country's 12 districts have been tripled. One provincial secretary made the significant point that Peace Corps teams work successfully in remote areas where private contractors will not even bid for jobs and where sorely needed rural development projects cannot otherwise be undertaken, even with the funds available.

In addition the first Peace Corps medical project in Sierra Leone was such a success that the Government of Sierra Leone has requested the Peace Corps to set up public health programs throughout the particularly underdeveloped sections of that country. It is a tremendous opportunity to make significant inroads against disease in that country.

Seventh. What will this proposed cut do to the Peace Corps in Thailand?

The Thailand malaria eradication program has reached a critical stage. The existing program is already losing ground to the disease due significantly to a lack of middle-level manpower at the village level. The Government of Thailand has asked the Peace Corps for 30 volunteers to assist in this program at a vital level, as field organizers and workers.

Through a house-to-house, person-to-person program, the volunteer, by spending 20 days of every month in the field, will be the keyman in field logistics, action, and followthrough.

The volunteer will be the only American in a team of Thai who work right in the villages. The United States is thus identified directly with the program and its results. Credit for U.S. participation in malaria eradication could easily be lost if our role was limited to supplying equipment and high-level technical advice.

Villages exist today where one or two members of every family are afflicted by the disease annually. There are areas where the incidence of the disease is on the increase. However, the urgency of completing the attack phase is not limited to measurement in medical terms. Emphasis on the program provides a demonstration of the Thai Government's interest in areas notably vulnerable to Communist ideologies originating north of the Mekong.

Eighth. What will a cut do to the Peace Corps program in Malaya?

The Government of Malaya has a program in progress to provide land to those who have never owned land. This homesteading project grew out of a realization during the Communist insurrection that landownership had a direct bearing upon stability and progress.

Thirty thousand acres have been set aside for this purpose in 38 homestead schemes. Approximately 600 families are being resettled in each location. The settlers are provided with approximately 30 acres of land.

Full title passes to the settler after 7 years. Peace Corps volunteers have been assigned as assistant administrators in these projects. During the projected fiscal year the Government of Malaya has based its plans for opening new schemes upon the arrival of some 30 Peace Corps volunteers. If these volunteers are not sent to Malaya it is estimated that the homesteading could be reduced by 1,800 families during the next 2 years. This could have a disastrous effect on internal stability in that country.

In like manner, the Government of Malaya has planned to open new rural health centers on the assumption that some 30 volunteer nurses will arrive. Each of these health centers is scheduled to service a population of approximately 20,000. If the nurses do not arrive, the new health centers will not be opened. It is as simple as that—600,000 people will be deprived of even rudimentary medical care.

Ninth. A cut in the \$102 million requested would jeopardize the program of providing 83 volunteers to work programs directly bearing on the success of the crucial land reform program in Iran.

In Iran the Shah's land reforms are at the head of his so-called revolution of peaceable progress for Iran. In this nation on the border of the Soviet Union, a vast land reform program is changing the age-old relationship of serf to landlord. For the first time in centuries, many Iranian peasants own the soil which they have hitherto tilled for others or sharecropped. The Shah in large measure has staked his personal future and that of his western-oriented regime on the success or failure of this program of land reform. However, there is an acute shortage of trained men, and of men with the basic practical know-how. To help in this crucial effort, the Government of Iran has requested Peace Corps volunteers to work in the following fields:

A pilot group of 30 volunteers to assist in the expanding community development program.

Sixteen volunteer American farm boys to demonstrate their skills and instruct in general agriculture, livestock, and poultry and farm mechanics.

Twenty-four volunteers to work as assistants to extension agents in two Provinces where the Iranian Government is putting on a concentrated campaign of agricultural betterment.

Thirteen volunteers to do demonstration work on experimental farms.

We cannot afford for these programs to be curtailed or dropped.

Tenth. After 2 years of constant scrutiny, and after carefully evaluating the performance of the Peace Corps volunteers, the Afghan Government has requested 20 teachers, a number of whom will be assigned outside Kabul in major provincial towns, to broaden the impact of the English secondary education program. They will teach Afghan students and work closely with Afghan English teachers to upgrade their skills. The proposed cut in funds might destroy this program and eliminate the tremendous

opportunity to send American Peace Corps volunteers to outlying areas in Afghanistan.

The Government of Afghanistan has long been reluctant to allow westerners into that country, and especially into areas outside Kabul, the capital city. Peace Corps volunteers in other Asian and African countries so impressed the Government of Afghanistan with their skills and desire to serve that Afghanistan officials requested a small group of nine volunteers, nearly 2 years ago, to assist with its health, education, and mechanics programs in Kabul. After carefully observing these first volunteers for over 6 months, they requested about one hundred additional volunteers to work in printing, English teaching, engineering, public administration, and agriculture. Still, the Government remained reluctant to send volunteers into areas outside Kabul.

It has taken over a year for the Afghan Government to become convinced that the Peace Corps could make a substantial contribution to the growth of the country as a whole—not just the capital city. Now that Afghanistan has finally concurred, it could be disastrous for the entire future of the Peace Corps in that country if we were not prepared to respond to their request to move outside Kabul.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. MORGAN. Mr. Chairman, I yield 1 additional minute to the gentleman from New Jersey.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. May I say to the gentleman that I was astounded to hear that what the Committee on Ways and Means did for the members of the Peace Corps was a special privilege to the members of the Peace Corps. It was to correct an inequity. It was not to give them a special privilege. It was simply to make it possible for them to be on the same basis as any other citizen of the United States and merely not to penalize them because they received a lump sum at the end of the year.

Mr. GALLAGHER. That is exactly right. I thank the gentleman for his comment. Instead of this being a special privilege, it is a small thing, in my opinion, that we could give to these people who are participating each day in a great drama throughout the world.

Mr. Chairman, through this program we are helping to eliminate poverty, at no great material reward to the members of the Peace Corps themselves. We are helping to eliminate disease and misery. These are the people who are the new image of the United States and who are projecting of themselves this image through dedication and through the faith that they have in the great system that we here are privileged to represent in this Congress.

So, Mr. Chairman, instead of asking about the great mystery of the Peace Corps, it is a simple thing. There is no mystery about it. They are living Americanism. They are showing people

who never heard of America what democracy really means.

Mr. Chairman, I urge the adoption of the bill.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, peace. We pray for it. Then comes the mention of war and we vote \$49 billion without the blinking of an eye. Then comes peace again, the peace we pray for, and the shouting starts. Why? Why do some run away from that for which they pray?

Mr. Chairman, I hope there will be no misunderstanding of the position of the three Members who signed the dissenting minority report. They are against the Peace Corps, period. The Peace Corps bill came up in 1961. The gentleman from Illinois, my beloved friend [Mr. DERWINSKI], made a speech against it and said he was going to vote against it. He did vote against it. My beloved friend, the gentleman from Iowa [Mr. GROSS], made a speech. He attacked the bill. He was against the Peace Corps. He voted against it.

At that time the great statesman from Wisconsin, my dear friend, the gentleman from Wisconsin, Governor THOMSON, was not a Member of the House but since he has been I have noticed that he follows pretty closely the leadership of the great statesman from Iowa.

Mr. Chairman, I cannot answer the arguments of these distinguished Republicans as well as did another Republican of towering stature in this very well in September of 1961.

Mrs. Church served as a member of the Committee on Foreign Affairs for 11 years. She always voted against foreign aid. She was sincere in that. She believed in foreign aid. But she wanted a perfect type of foreign aid. So, every year she voted against the program. But when the Peace Corps concept was presented, Mrs. Church came into this well and in one of the most stirring, emotional talks to which I have ever listened she supported the bill. At last she had found in the Peace Corps what was to her foreign aid in the full blooming of perfection. She answered directly the gentleman from Iowa [Mr. GROSS].

Mr. Chairman, may I read from the speech of Mrs. Church in this well on September 14, 1961, answering the gentleman from Iowa [Mr. GROSS]?

Mrs. CHURCH. Mr. Chairman, it is not easy to follow the gentleman from Iowa [Mr. GROSS] and to find one's self immersed in the aroma which he sheds upon those who support this bill. Neither is it easy to accept as a definition of what I believe to be a magnificent example of American youth, the appellation of "Kiddle Korps," the charge of the gentleman from Iowa [Mr. GROSS].

Mr. Chairman, this program is as American as Boston beans and apple pie. I would say to all those who call this a hairbrained scheme for a kiddle corps, you are doing the youth of America a great injustice. Yesterday, I heard someone say, "What could a hairbrained youngster just out of college do in the jungles?" I thought back, Mr. Chairman, to 1941 when an earlier generation of young boys proved that they could master the jungles where they died, in war. I want our generation of youth to go out

in the world and show their willingness to give, in living, American? Of course, it is.

Mr. Chairman, I would add just one more word. As the gentleman from Michigan indicated, there were indeed 10 crusades that failed of full or final accomplishment. I know that. I also know that 20 centuries, as he said, have passed since the words first were spoken: "Peace on earth, good will toward men." But despite all the failures, Mr. Chairman, the truth and hope remain—the dream of peace on earth and good will to men still exists. The crusades are still going on.

It means much to me in this day and generation that young people still have a dream; that American young people still have a willingness to sacrifice; and that we, in this country, have a chance to go out and proclaim our true selves to a world that sees us only as spending dollars for projects and guns; that sees us building up for ourselves a reputation for materialism that will be hard to dispel. As I say, Mr. Chairman, it means much to me that we have now a chance to go out and say, "Here is something new—here is what we really are." Let us say it to the world—and say it to ourselves. For all of that is involved—in the Peace Corps.

This was the answer, Mr. Chairman, of a great Republican Congresswoman to some of her fellow Republicans who opposed the Peace Corps in 1961, the same members of her party who still oppose the Peace Corps. The words of the Honorable Marguerite Stitt Church spoken in this well over 2 years ago are as current today as they were then.

The Peace Corps is America in her highest and noblest expression. I have the faith that the pending bill will be passed by an overwhelming majority and in the exact form reported out by the Foreign Affairs Committee, with just two dissenting votes.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. GRAY].

Mr. GRAY. Mr. Chairman, I am interested in seeing the United States end some of its foolishness in Latin America and get down to some hard-core business. Castro and the Communists are working very hard in that area. They are blanketing the villages and towns of the region with agents who have in fact begun to twist the minds of local residents.

But there is one thing they did not reckon with. They did not expect that young Americans, Peace Corps volunteers, would be in the same villages and towns. They did not know that these Americans would be in the fields with the villagers showing them that man can do things for himself. Proving that the schemes and promises of the Communists are empty when one can learn to grow corn as a cash crop.

As one example, in a small Peruvian village the people were disillusioned. They were poverty stricken and very much willing to listen to local Communist leaders, but two young Peace Corps volunteers moved into the area as part of a community development program. They observed the natives weaving blankets for their own use. No one had thought of selling these crafts on a retail basis, and the volunteers, products of the free enterprise system, suggested it. They helped the local people to market a few blankets in the nearest city,

and soon, through contacts the two volunteers had established, these villagers had a thriving business and were in fact exporting their wares to this country. The Communists cannot fight that kind of example. In fact they do not know what to do.

The Communists first reacted to the presence of Peace Corps volunteers by railing about them at every opportunity. The volunteers were called CIA spies, and undercover military men. These young Americans were harassed by the Communists in many areas of Latin America. But the volunteers did not back down. They continued to work with the people. Such good will was established, that every time the Communists criticized the Peace Corps volunteers they were in danger of incurring the wrath of local villagers.

Mr. Chairman, this is the kind of program that makes the Communists look foolish. They cannot duplicate it because only a free society can make it work. They cannot criticize it too much any more, because the local inhabitants believe in the volunteers. Finally the Communist lies look ridiculous when a Peace Corps volunteer succeeds in showing his hosts how to help themselves.

This is the way to fight the Communists, and the people who are doing such a great service for their country deserve every bit of support we can give them. This is no time to cut back the Peace Corps. Their effect should be heightened. And this is exactly what Mr. Shriver and his staff intend to do. They are asking for more money to double the number of Peace Corps volunteers in Latin America. They want to put 5,000 of these Americans into that area. One American, Mr. Chairman, who lives in a Latin American village is well worth our investment in him. No effort to make developing nations self-sufficient has been quite so successful.

Let us not give Castro the key to every door in Latin America. The Peace Corps volunteers are slamming the door in his face.

I strongly urge the passage of this legislation today and commend my distinguished friend and chairman of the Foreign Affairs Committee, the gentleman from Pennsylvania [Mr. MORGAN] and the members of his committee for their great work in this and other fields of our foreign affairs.

Mr. HALPERN. Mr. Chairman, I rise in enthusiastic support for this legislation, H.R. 9009, authorizing funds for an expanded program for the Peace Corps in fiscal 1964. I am privileged and proud to have been an early supporter of the Peace Corps, and to be a staunch advocate of its purposes, aims, and programs. I sincerely urge my colleagues to resoundingly approve the legislation before the House today, not only in recognition of the difficult job remaining to be done in the future by the Corps, but also as a vote of confidence for the outstanding work this young agency has already achieved in contributing toward the improvement of world social and economic conditions and in the laying of a foundation for world peace.

Mr. Chairman, we have been hearing today about the notable accomplish-

ments that the Corps has carried out abroad. We have heard of improved farms, schools, roads, health conditions, water, and sanitation facilities overseas. And I think it is only proper that we emphasize these splendid accomplishments, for they have truly enabled other nations to see this country in a new light, as one that not only talks about being a "good neighbor" but, more importantly, acts as a good neighbor in assisting other countries when they call on us for aid.

But I would like to place my emphasis on another aspect of the Peace Corps accomplishments, in addition to the acknowledged good it has done abroad. I would like to commend the Corps for its inspiring example of the vitality, imagination, and spirit of the young American volunteers. This is the part of the Peace Corps story that pleases and impresses me so greatly. All of us in Congress know the time and effort we spend in programs to aid our youth, the bills to fight juvenile delinquency, prevent school dropouts, provide job training, and other assistance. I recognize the value and need for such programs, and have always supported legislation of this nature. But today, in considering the Peace Corps program, it is like a breath of fresh air, and a heartening reassurance of the fine quality of our people, both young and old, who have made such a good record as volunteers in the Corps. I think it is most encouraging to note that this year there are three times as many applicants for Peace Corps work overseas as there were last year, and many of them are young people, in spite of the fact that a great number of available posts are "hardship" in terms of health, housing, social, and recreational benefits. This volunteer spirit for hard work truly makes me proud of our young people and our older volunteers, and it reaffirms my faith in the pioneer spirit of our people. It is heartening to know that the pioneer spirit in America is not confined to television presentations of days gone by when our country was young, but is still very much alive in the spirit of our people of today.

Mr. Chairman, I would like to see this legislation approved and the program of the Peace Corps expanded, until every overseas plea for assistance can be met, and every dedicated, qualified American volunteer can be utilized. Each step in that direction, I believe, is desirable and proper, and thus the bill before us is worthy of our approval.

Let our critics take note, and let our Communist adversaries pay heed. No one is going to "bury us" and, indeed, our adversaries will find it difficult to even keep pace with us when we have the imagination, courage, energy, and spirit so amply displayed by our Peace Corps volunteers.

Accordingly, Mr. Chairman, I would like to see us approve this program with optimism, for it has proved itself a great benefit to our Nation in the difficult world conditions that we face today. This Peace Corps program is small in comparison to many that come before this body, yet it is big in past accomplishments and future goals. Let us by our affirmative vote today express our

approval of these past accomplishments, and our confidence in an even more effective and far-reaching Peace Corps in the future.

Mr. MATSUNAGA. Mr. Chairman, I ask unanimous consent that the gentleman from Massachusetts [Mr. BOLAND] may extend his remarks at this point in the RECORD and include extraneous matter.

The CHAIRMAN. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

Mr. BOLAND. Mr. Chairman, I rise in support of H.R. 9009, authorizing \$102 million to finance the operation of the Peace Corps during fiscal year 1964. The opponents of this legislation claim they are uncertain of the accomplishments of the Peace Corps, but they are acutely aware that it is a burgeoning bureaucracy. I do not know what they want as proof of accomplishments. Newspapers throughout the United States and throughout the world have endorsed the Peace Corps and praised its members for their zeal, idealism, and accomplishments. I have inserted many of these editorials in the RECORD for my colleagues to read, over the last 2 years.

One of the outstanding and most glowing tributes to Peace Corps achievements was printed in the respected Times of London on the first anniversary of the Peace Corps. The article was by Alec Dickson, founder of the Voluntary Service Overseas, who traced the ideological thrust of the Peace Corps back to the British hopes of Carlyle and Ruskin a century ago, and to the self-sacrificing examples of the late Dr. Tom Dooley in southeast Asia, and the adventurous and courageous "Crossroads Africa" operation under the dynamic Negro pastor, Dr. James H. Robinson.

Mr. Chairman, it seems to me that one of the measures of success of the Peace Corps is that the countries in which the Peace Corps is in operation have requested more volunteers, and additional countries are seeking Peace Corps assistance. Also, the number of qualified applicants is larger than ever, even though the standards have been raised, and there have been no incidents which have made the conduct of our foreign policy more difficult. In the short period that has elapsed since its beginning, the Peace Corps has already made a significant contribution to the attainment of U.S. foreign policy objectives.

Mr. Chairman, as the Peace Corps operation has expanded and the number of volunteers has increased, the portion of the Peace Corps costs devoted to administration has declined. This does not point to a burgeoning bureaucracy. Remember there have been three times as many applicants this past year as a year ago for Peace Corps volunteers. If the level of funds requested in this bill, \$102 million, is made available for fiscal 1964, it is estimated that only 19.9 percent, or \$20,300,000, will be used for administration and the remainder will go to support volunteers. Last year, fiscal 1963, 28 percent of the funds available were utilized for administration.

Finally, Mr. Chairman, much of the credit for the success and achievements

of the Peace Corps during its relatively short span of over 2 years of life must go to Sargent Shriver, the energetic and enthusiastic Director of the Peace Corps. Mr. Dickson wrote of Director Shriver in the Times of London:

The Peace Corps may be a Government agency, but it is Mr. Sargent Shriver's strong personality, in a way an extension of the President's, that inspires and dominates the organization, uninvited by considerations of what is administratively convenient.

Mr. Chairman, I think that the Peace Corps has been a success and has accomplished much by helping the peoples of underdeveloped countries meet their need for trained manpower, and by promoting a better understanding of the American people, and the objectives of American foreign policy. And I feel that Director Sargent Shriver is to be commended for these successes. I do not agree with the critics of the Peace Corps and I do not think that this legislation to authorize \$102 million is excessive and unwarranted.

Mr. MATSUNAGA. Mr. Chairman, I ask unanimous consent that the gentleman from Tennessee [Mr. FULTON] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

Mr. FULTON of Tennessee. Mr. Chairman, I rise in support of the Peace Corps for one reason—it is giving the taxpayers their money's worth.

For example, four Peace Corps volunteers from my hometown of Nashville are serving as Peace Corps teachers in Africa and Latin America. They get \$75 a month which is part of a readjustment allowance, and a small living allowance. I do not think their services can be duplicated at that price anywhere in the world. Moreover, all four are teachers and there is a better than even chance, according to a Peace Corps survey, that they will return to Nashville and enter the teaching profession. I consider that a bargain.

Some of our finest young men and women have gone to the far corners of the earth in the service of their country. I think they deserve every bit of support we are able to offer them. It is one thing to cut back on programs that have not worked out as intended, but here some very talented Americans have gone out, many times under very difficult conditions, to offer a living example of our way of life. They have done just that. They have impressed people around the world with the dynamic possibilities of democracy and the free enterprise system. I think we should emphasize this kind of effort. For a long time we have searched for the means to show developing nations throughout the world the inherent advantages of our way of life. The Peace Corps is doing just that in a manner that has exceeded all expectations.

Mr. Chairman, I, for one, want more of the same. I think this is the reason that the Gallup and Harris polls both show three out of four Americans enthusiastically supporting the Peace Corps.

Mr. REIFEL. Mr. Chairman, I ask unanimous consent that the gentleman from Texas [Mr. ALGER] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. ALGER. Mr. Chairman, insufficient information is no basis for almost doubling the Peace Corps funds. No public witnesses but one—and only administrators boasting of the program's success. Yet little specific data is given.

Basically, these efforts should be in the private sector, not Government. Evidently, few of the Peace Corps proponents recognize that private help through missionary and educational efforts is one thing and Government programs are another. Government effort at best becomes socialism; private help is not. Government-to-government help is socialistic in implementation. Neither can government extend charity. Charity is private, person to person, not by government aid.

The do-gooders, of course, have let their enthusiasm run away with their judgment. How much Peace Corps aid is going to Socialist countries, to countries that subjugate their people; as example, to those countries where there is no religious freedom; also freedom of speech, assembly, and press. Or are we not to question those with stars in their eyes over their visualized goals?

Where are those who know of the success of missionary and other private efforts? Why are we denied this information? The Committee on Foreign Affairs is ill prepared to give us the data we need.

The material in report and hearings does not give us the data we need—what the cost is by country, by workers, and the projects involved, the successes and the failure. All we have are glowing reports by those running the program.

Too much of the taxpayers' money has gone into publicizing the Peace Corps.

I commend the members who submitted the minority views. Their charges have not been rebutted; namely, first, uncertainty of accomplishment and the burgeoning bureaucracy; second, the self-praise without solid accomplishment; third, overly ambitious target projects; and, fourth, excessive authorization of money.

Finally, I cannot agree that Congress can sensibly approve such a program with so little actual information. For my part, the Peace Corps was and is an unwarranted intrusion into areas properly of the private sector. I hold such activity is unconstitutional, unnecessary, and self-defeating. We encourage Government planning, welfare statism, socialism, and godless materialism, all at the expense of capitalism and basic U.S. spiritual and moral values.

The CHAIRMAN. If there are no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3(b) of the Peace Corps Act, as amended, which authorizes appropriations to

carry out the purposes of that Act, is amended by striking out "1963" and "\$63,750,000" and substituting "1964" and "\$102,000,000", respectively.

AMENDMENT OFFERED BY MR. THOMSON
OF WISCONSIN

Mr. THOMSON of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. THOMSON of Wisconsin: On the first page, beginning in line 6, strike out "\$102,000,000" and insert in lieu thereof "\$81,000,000".

Mr. THOMSON of Wisconsin. Mr. Chairman, to be consistent with the Members who have addressed this body today, I should preface my remarks by saying I rise in enthusiastic support of an amendment to reduce the dollar amount of the authorization in this bill, and with equal sincerity to the enthusiasm with which it is presented.

As everyone has pointed out, the only witness before the committee was the Director of the Peace Corps. He is a real sharp, polished, enthusiastic, suave and articulate individual for his cause. He has done a magnificent job in selling the Peace Corps. You have heard this afternoon all the accolades and eulogies about this Peace Corps program without taking the time to look at what it is costing the American people.

When it began it cost \$3 million, with a Presidential directive. Next year it cost \$30 million. The next year the authorization was \$63 million with \$59 million appropriated. This year the request is for \$108 million.

I think it is correct to say that this is one of the fastest burgeoning bureaucracies in the Government. True, it is only 2.4 percent of what is being spent on foreign aid. Even with that 2.4 percent it is acknowledged to be the strongest part of the foreign policy of this administration.

But why do I say \$81 million is adequate and all that is justified? It is simply this. There is no possibility of more than 9,000 Peace Corps volunteers being enrolled in the next fiscal year. One-half of the fiscal year has already gone. The appropriation will not be available. Six months of the year have gone.

Another thing I waited and listened for in this debate, the last speaker mentioned the fact that many of the Peace Corps members are now finishing their tour of duty. If you will look on page 3 of the testimony, the Director tells us that before next January 1 there will be 700 members of the Peace Corps who will have completed their tour of duty, and during 1964 there will be 3,000 more members who will be completing their tour of duty. I say to you that just replacing these 3,700 members of the Peace Corps will be a better average of enrollment than has been made so far in the history of this infant organization. They are not going to reach 9,000 members, to say nothing about 11,300 members.

Again quoting the Director, they have increased, they have doubled the amount of language training and raised the standard of language acceptance. They have extended the time from 8 to 10

weeks to 10 to 12 weeks, and it is going to take more time to train members of the Peace Corps.

The second reason I want to advance to you is another one given to us by Mr. Shriver, that they have been unable to find, there has been a shortage of available people with certain skills in high demand overseas. Mr. Shriver wants to have the finest kind of Peace Corps and create the best image possible overseas. So he is searching for these people in mathematics, in science, in agriculture, and in other scarce skills that are so badly wanted in these areas that we are proposing to serve throughout the world. So without regard to the praise that has been lavished here this afternoon on this organization, I think that simple prudence in finance dictates that we authorize no more than reasonably will be needed or used by the Peace Corps. Sure, they say they will return it, but I think proper fiscal policies and practices require that this body use a sensible approach, that we do not throw the bars down and open the floodgates for everything that is asked.

Mr. FARBERSTEIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have listened attentively to the debate this afternoon and I have read the minority views. So far I have heard no serious objection to the Peace Corps. The only suggestion made here is perhaps we are authorizing a little more than what we should. Let us see whether that is so or not.

You heard earlier in the debate that recruitment has been a little bit difficult because they were seeking to recruit seniors from the various colleges. But that is now being changed and they are seeking to recruit men in the third year of college. Therefore, it is anticipated there will be a greater number of men and women who will join the Peace Corps.

Remember this is a young program. This is an expanding program. I do not think in view of the accolades we have heard here this afternoon that it is our intention to restrict it any more than absolutely necessary.

If we had any evidence at all that there was any misappropriation or misuse of funds, then I could understand cutting down the authorization that has been requested. But we have not heard anything of that kind at all. There was only one suggestion—that \$9,000 was being spent for bureaucracy.

I suggest to the gentleman who said something about the sum of \$9,000 per recruit being spent for bureaucracy that he look at page 18 of the hearings and there he will see a list of the various items for which this \$9,000 is authorized in this instance and subsequently appropriated.

The average cost for a recruit is as follows:

Average cost per volunteer

Postselection:

1. Transportation:

United States	\$200
International	1,200
Travel allowance	33
"Home leave" allowance	60

2. Project equipment and supplies

780

3. Vehicles	\$750
4. Housing	1,240
5. Medical kit	25
6. Personal supplies	25
7. Oversea orientation	100
8. Readjustment allowance	1,638
9. Settling-in allowance	125
10. Living allowance	2,625
11. Leave allowance	273
12. Clothing allowance	200
13. In-country travel	225
14. Medical care	315
15. Medical evacuation/emergency leave	210

Subtotal 10,024

Total direct cost for 2 years

of service 13,336

So, Mr. Chairman, we know that there is no idea of anybody doing anything wrong in connection with the use of any of these moneys.

As a matter of fact, the minority views claim that there are no accomplishments and they claim that most of these accomplishments are by public relations, that we have no evidence of accomplishment in fact.

What accomplishments can we exhibit?

Do you want us to tell how many pupils are being educated in these various countries?

Do you want us to tell how many rows of corn have been planted in various countries?

Do you want us to tell you how many children have been taught farming or how to build or to do various other things that it is the purpose of the Peace Corps to do?

No, Mr. Chairman, I have not heard anything at all in opposition to the Peace Corps. I do not believe, in view of the history of the Peace Corps in turning back unused moneys that they have received, that we should in any way seek to restrict them in their effort to develop a good image of America. This has been best explained in the letter which was written by a distinguished Catholic prelate and read by the distinguished gentleman from Massachusetts [Mr. O'NEILL].

It seems to me that this is something we can be proud of, and something that we can throw our chests out about. We can thus show that by this people-to-people program we are creating an image of America that is certainly a wonderful image. If anything, it seems to me that we ought to grant them all that they want and even more rather than restrict them in connection with this authorization.

AMENDMENT OFFERED BY MR. GROSS

Mr. GROSS. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS as a substitute for the amendment offered by Mr. THOMSON of Wisconsin: On page 1, strike out lines 6 and 7, and insert in lieu thereof the following: "substituting '1964'."

Mr. GROSS. Mr. Chairman, my amendment would simply bring this bill back into financial perspective. It would provide for the authorization given to the Peace Corps last year—\$63,750,000.

Someone referred to the fast expansion of this organization. In 1960, 3

short years ago, Congress appropriated \$10,000 for the Peace Corps. In 1961, the Peace Corps was allocated \$1,620,000. In fiscal 1962, \$30 million and last year the Congress appropriated \$59 million. Yet, we are asked here today to authorize \$102 million—when the spending last year was \$55,130,000 out of a \$59 million appropriation.

Now what has the Peace Corps been doing in the way of spending since the beginning of the new fiscal year on July 1, 1963?

For the 4 months up to October 31, 1963, it has been obligating at the rate of approximately \$19.5 million. This simply means they have been obligating under the continuing resolution at a rate of some \$5 million a month. On a basis of 12 months that is \$60 million. As the gentleman from Wisconsin pointed out in behalf of his amendment, 6 months of this fiscal year will have gone by before this bill is signed, and whatever appropriation is made to implement it. Six months of this fiscal year will have passed into history. Yet you ask here today for \$102 million. How in the world can the Peace Corps possibly spend \$102 million in 6 months? How can it spend even \$80 million or \$81 million, as the Thomson resolution would authorize? There is nothing in the Record that shows they could possibly do this, because, I say again, they are obligating today at the rate of less than \$5 million a month.

Mr. DOLE. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes. I yield to the gentleman.

Mr. DOLE. Are there any countries which have accepted Peace Corps members not now receiving foreign aid? Do you know of any such country not receiving foreign aid, or for that matter do you know of any country, period, not receiving foreign aid?

Mr. GROSS. I do not know of any country either way.

Mr. DOLE. When Peace Corps men come home, are they permitted to purchase foreign cars to bring back to our country?

Mr. GROSS. I suppose if Members of Congress can purchase foreign cars while on foreign junkets, they can. I do not know. I cannot answer the gentleman's question as to whether they can import Mercedes-Benz automobiles or not. Members of Congress who have taken trips abroad and bought automobiles ought to be able to answer.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield? The places where these people go do not manufacture cars. In fact, they manufacture nothing.

Mr. DOLE. They may have an opportunity on the way to or from to buy foreign automobiles.

Mr. GROSS. They go through Paris and London, do they not, to and from their assignments?

Mr. GALLAGHER. No, they do not.

Mr. GROSS. Where do they go?

Mr. GALLAGHER. They go to Nigeria and Libya and Peru and Bolivia.

Mr. GROSS. And they also go to Africa.

Mr. GALLAGHER. Yes. They also go to Africa.

Mr. GROSS. And they go through Rome, do they not?

Mr. DOLE. What about the recruiters? I know last year there were stories about Norman Snead receiving \$75 a day. It never transpired, but is there any extra payment for well-known recruiters in this program?

Mr. GROSS. I do not know about that, but I know they had a swimming coach hired on a consultant basis very conveniently during the months he was not employed at Alabama University. He was teaching Peace Corps members how to swim in Puerto Rico although they already had a swimming coach on the permanent Peace Corps payroll.

Mr. GALLAGHER. Will the gentleman yield further?

Mr. GROSS. I will yield to the gentleman, but do not take quite all my time.

Mr. GALLAGHER. No. I will take just about 2 seconds.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. GROSS. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

Mr. MORGAN. Mr. Chairman, I am not going to object to the request of the gentleman from Iowa, but if there are any further requests, I will be constrained to object.

The CHAIRMAN. Without objection, the gentleman from Iowa is granted 5 additional minutes.

There was no objection.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. GALLAGHER. Since the gentleman is making these charges by innuendo, I think it would be incumbent on him to produce the proof, if he has any, at this time about these Peace Corpsmen purchasing automobiles.

Mr. GROSS. The gentleman from Kansas did not say they did; he asked the question.

Mr. DOLE. I did not say they did.

Mr. GALLAGHER. The innuendo was they are profiting by their travels, and I think the United States is profiting by it as well as the participating countries and not them.

Mr. DOLE. If that is the inference the gentleman draws, it is his privilege; however, I am only seeking information. With reference to the Peace Corps generally, let us not forget we have troops all over the world and could properly refer to our young men and women in the Armed Forces as the heart of our Peace Corps. Certainly they also do good in the world, but it is often overlooked. It is difficult to find out anything except the public relations type material as set out in the second annual report to Congress. This is the type booklet we use in running for reelection. It contains everything good about the Peace Corps and little else. It is simply a campaign-type document. Almost every time you turn on the radio somebody is singing praises about the Peace Corps. Nearly every time you pick up a paper, there is a glorified story about the Peace Corps. When will the cost reach

a billion dollars, or better yet, when will the committee thoroughly and objectively study the actual progress of this program? Popularity of a program, based on a massive public relations effort does an injustice to Peace Corps members and the general public.

Mr. MORGAN. Mr. Chairman, will the gentleman yield for a brief question?

Mr. GROSS. I yield.

Mr. MORGAN. Mr. Chairman, I have heard a lot of praise here, but very little specific criticism. If there is anybody who knows anything bad about the Peace Corps, here is the place to say it. If there are unfavorable facts to be cited they should be brought out and discussed.

Mr. GROSS. All right, I want to offer a little of that criticism here and now. I cannot for the life of me understand why we have a single member of the Peace Corps in Indonesia to help Dictator Sukarno. I cannot understand why the Peace Corps is in four British territories around the world. Why are we supplying Peace Corps representatives and paying them to help the British? Presumably they have their own Peace Corps; if they do not, they ought to have one. What are we doing in British territory? Why is the Peace Corps in Ghana with one of its largest contingents? Ghana is ruled by Nkrumah, a Communist-loving dictator. I have no words that would properly describe that tyrant.

Mrs. FRANCES P. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Not at this time. His newspapers are constantly branding the Peace Corps members as spies and subversives. What business have we with any Peace Corps members in Ghana until that situation is straightened out?

The Peace Corps does not need all of this money. Let them take the Peace Corps out of countries and put them into countries, if this program must be continued, which have governments that are representative of the people.

There is also a Government-financed drive in this country to provide jobs for members of the Peace Corps when they return. I have yet to hear of any drive to provide jobs for volunteers in the Army or Navy or Marine Corps. Why spend money on a drive to provide jobs for members of the Peace Corps when they come home when we do not do this for members of the armed services? What makes members of the Peace Corps such special characters?

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. GALLAGHER. I think there is a recruiting office in most of the cities of the country.

Mr. GROSS. Are they supplying discharged servicemen, who were volunteers in the armed services, with jobs? Can they go there to get jobs? You are setting up a machinery in this country to make sure that every returning Peace Corpsman who has served only 2 years will be helped to get a job.

Mr. GALLAGHER. I think these people have rendered a great service, and when they return to the United States,

with the experience that they have, they are qualified for a job.

Mr. GROSS. Why do we not have a campaign to provide jobs for the volunteers in the military services, when they return home?

Mr. GALLAGHER. We have. I introduced a cold war Peace Corps bill to take care of that.

Mr. GROSS. Can the gentleman tell me where you have such a service; a special setup to provide jobs to armed services volunteers after their discharge?

Mr. GALLAGHER. Every city helps returning veterans to get jobs.

Mr. GROSS. Why not send the Peace Corps to the employment offices? Why a priority for them over a young man who has volunteered to fight and die for his country?

Mr. GALLAGHER. We are trying to keep down unemployment.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. JOHANSEN. Can the gentleman say whether there was any information provided the committee that if the full appropriation including the increase involved is granted, what will be the increase in the number of employees at the higher levels in the agency?

The CHAIRMAN. The time of the gentleman from Iowa [Mr. Gross] has expired.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

In so doing, and in response to a criticism that was made earlier, I would like to include in the Record the factual side of certain allegations about volunteers purchasing foreign cars cheaply. The Peace Corps volunteers do not get the \$75 per month until they return to the United States.

Mr. Shriver wisely urged that the pay be withheld so that they could not bring back a lot of purchases. They do however bring back an experience that will enrich our country.

Mr. Chairman, I have heard it alleged that the Peace Corps is just one more mushrooming administrative superstructure in the executive branch. As a long-term supporter of the Peace Corps, I must admit that I, too, was concerned about the possibility that it would become a victim of that disease which plagues so many agencies—burgeoning bureaucracy. As a result, I have watched its administrative development closely, and I am pleased to be able to point out that exactly the opposite appears to be the case.

The Peace Corps has done an outstanding job of controlling its administrative development and restricting what growth there has been to essential areas. A few historical examples should show what I mean. In fiscal year 1962, some 33.3 percent of the Peace Corps' total obligations were for administrative costs. In fiscal year 1963, this figure was reduced to 28 percent. And in the current fiscal year, administrative expenses constitute less than 20 percent of the total Peace Corps budget. This does not strike me as an example of mushrooming administrative costs.

I have also been impressed with the specific trends within this general picture. On June 30, 1962, there was one Peace Corps staff member to every four volunteers. One year later, there was one Peace Corps staff member to every seven volunteers. And the Peace Corps' estimates for June 30, 1964, anticipate a ratio of 1 staff member to every 10 volunteers. I doubt whether any other agency can match that record of increasing efficiency in administration.

Just in case anyone thinks that these comparisons are all the result of statistical gamesmanship, let me call your attention to one simple fact: The size of the Peace Corps staff has declined, in absolute as well as in relative terms, in recent months.

The Peace Corps has selected and trained over 7,000 Americans for service to their country and now supports their activities in 46 nations around the world. The global scope of its operations and the many problems which face an agency which is without precedent in the U.S. Government have made its task doubly formidable. Yet the Peace Corps chose to meet its challenges with imagination and dedication rather than to rely on the dubious technique of a large staff supported by a fat budget.

The Director of the Peace Corps is a businessman, and I am delighted that he is running his agency according to sound business principles. Under his direction the Peace Corps is serving as a shining example of efficient operation at minimum cost.

I want to refute the argument that the Peace Corps has improperly expanded since June 30, 1963, during the period it has been operating under continuing resolutions.

For fiscal year 1963 \$59 million was appropriated for the Peace Corps. Between \$43 and \$44 million of this amount was available for program expenses, the operating portion of the Peace Corps' budget.

Under the continuing resolutions the Peace Corps may obligate funds at a rate for operations not in excess of the current rate.

As of the end of the first quarter of fiscal year 1964, the Peace Corps had obligated only \$10.7 million for program expenses.

As of October 30, this had risen to \$13.3 million.

If the Peace Corps continued to operate under continuing resolutions for the rest of fiscal year 1964 and to obligate funds at the rate indicated by the above figures, it would end up at the end of fiscal year 1964 having obligated about \$40 million for operations, which is \$3 or \$4 million less than first, what was appropriated for this purpose for fiscal year 1963; and, second, what the continuing resolutions would authorize.

During the last quarter of fiscal year 1963, the Peace Corps obligated for operations almost \$16 million of program funds. The actual figure is \$15.7 million. Thus, its \$10.7 million of program obligations for the first quarter of fiscal year 1964 is about 30 percent less than its rate for the last quarter of fiscal year 1963.

Administrative expenses for the first quarter of fiscal year 1963 were \$4.5 million, roughly the same as for the last quarter of fiscal year 1964.

These are not just numbers. As of June 30, the Peace Corps had a total of 1,110 employees—755 of these were in Washington and 32 at its training site in Puerto Rico. By September 30, the number of employees in Washington had been cut by more than a hundred to 647, a decline of nearly 15 percent. The number of employees in Puerto Rico had been reduced by nearly 25 percent.

Overseas, the story is similar. The number of foreign employees—clerks, accountants and the like—declined from 158 to 141. The number of American staff rose slightly from 165 to 199. This increase, however, represents arrival overseas of employees whose employment commitments had been made during the last half of fiscal year 1963 in anticipation of the arrival overseas at the end of summer training of the additional volunteers the costs of whose entry into training were authorized and appropriated last year.

Mr. Chairman, this record of restraint is typical of the way the Peace Corps is administered. I think it demonstrates fully that the Peace Corps merits the confidence and respect which an overwhelming number of the Members of this body have for it.

Mrs. FRANCES P. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Ohio.

Mrs. FRANCES P. BOLTON. I think it is interesting to note that the number of American staff members rose slightly 165 to 199, but the number of foreign employees fell from 158 to 141.

They do eliminate staffing when it is not needed.

Mr. GALLAGHER. I thank the gentleman for bringing out that very important point.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Ohio.

Mr. HAYS. I think the gentleman probably ought to make a point which is that Mr. Shriver in his testimony to the committee stated that the Peace Corps does not ship cars overseas or return them. That point should be made in response to the question which was previously raised.

Mr. GALLAGHER. Yes; that is right. I thank the gentleman for bringing that point out. I think it answers the innuendo that has been made about these dedicated Americans, that they may have some hidden motive for volunteering their services and their lives in doing a service that could materially affect their lives by exposing themselves to disease and living with poverty in the disease-ridden villages throughout the world.

Mr. Chairman, I would like to say this about what the Peace Corps does: Last month a mayor in a city of South America who had never been to his capital before, came down through the mountains with a petition signed by over 400 people saying that he heard from another villager that an American volunteer

Peace Corpsman was there helping them drill water wells. This was the first trip that he ever made to his capital. And, what he wanted was just one volunteer.

Mr. Chairman, the impact that these volunteers have made throughout the world has just been tremendous. This is the reason why we are now asking for a moderate increase in the number of volunteers, not the staff, so that the image of America can be further projected throughout the world with such credit to all Americans.

Mr. Chairman, I think the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON] has brought out the fact that we are gradually reducing the number of employees in Puerto Rico. The training center has been reduced by 25 percent.

What we are trying to do and what the Peace Corps is trying to do is to reduce the number of staffing and increase the number of volunteers so that the benefit-cost ratio to the U.S. taxpayer will reflect that we could not have a greater or better investment.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I am delighted to yield to the distinguished majority leader.

Mr. ALBERT. The gentleman is making a very fine statement.

In my opinion Sargent Shriver is a dedicated public servant and one of the finest administrators in the Government.

Mr. Chairman, I heard Sargent Shriver say not long ago that he wanted to work these dedicated young men and women who have been volunteers into the administration of the Peace Corps and eliminate the "bureaucrats," as he calls himself.

I would like also to advise the House that the University of Oklahoma has trained and furnished some of the volunteers who have been sent to various places throughout the world. One girl went to Brazil and went high into the mountains to work among the Indians where the tuberculosis rate was extremely high. She herself contracted tuberculosis, but to this day has refused to come home and will not come home until she is ordered to do so by someone in higher authority.

Mr. GALLAGHER. I thank the majority leader.

Mr. BARRY. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, an enthusiastic supporter of the program from the beginning, I am more convinced than ever of the importance of the Peace Corps. Accordingly, I oppose the pending amendments.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. BARRY. I gladly yield to the distinguished gentleman from Illinois.

Mr. DERWINSKI. I think it would help the House if the gentleman would tell us what amendment he is objecting to.

Mr. BARRY. With pleasure. I am objecting to both amendments. I alluded to paragraph 1 of the minority report where the minority claimed they did not have any evidence of perform-

ance before them despite the three volumes received by every member of the Committee on Foreign Affairs. Three volumes that clearly set forth the record of the Peace Corps.

In paragraph 2 of the minority report, the impression is given that some sort of bureaucratic bungling forced a reduction in stated goals. Not so. Good administrators should set their sights as high as possible. Once you begin work, you adjust the program in the light of experience and reality.

Moreover, part of the reduction of the number of volunteers resulted from higher standards imposed by the Peace Corps. This is to its credit. Recognition of the need for higher standards is something we should applaud. Improved recruiting techniques will help to overcome the losses which occurred when standards were raised.

Paragraph 3 is just plain wrong. It talks about 100 volunteers for secretarial and clerical duty abroad which the Peace Corps can now take on.

The distinguished gentleman from Iowa [Mr. Gross] is well known as a staunch defender of the public purse. However, this paragraph of the minority report if enacted would cost Uncle Sam money. In fact, it would prevent the saving of \$250,000.

During the Peace Corps hearings I asked Mr. Shriver about the 100 clerical persons to be recruited. He stated that in Kuala Lumpur, for example, instead of having two American girls there who were paid secretaries, receiving from \$5,000 to \$6,000 a year, they would have two Peace Corps volunteers receiving the normal Peace Corps honorarium.

Then I asked Mr. Shriver what would be the estimated savings under this innovation. Mr. Shriver said, "If we do this, which I hope we can, we will probably save \$250,000 of the taxpayers' money."

Yet the minority report appears to be against the hiring of 100 secretaries as volunteers.

Paragraph 4 has already been answered.

The last paragraph has already been alluded to by the gentleman from New Jersey. I can think we should be enthusiastic about programs that serve America well. Toward the end of this paragraph, the language is somewhat lurid. The remarks of former Congresswoman Church concerning enthusiasm in the Peace Corps is a point it would be well to pay a great deal of attention to.

In conclusion, Mr. Chairman, I would like to say to the distinguished gentleman from Iowa [Mr. Gross] this: He mentioned members of the Peace Corps sent to Indonesia. Mr. Virgil M. Hancher, president of the State University of Iowa, of his beloved State, had this to say about the Peace Corps trainees. I quote:

Along with the trainees, they are learning—learning how to teach languages in the new method, how to teach new languages, how to teach area studies better, and how to adapt old and test new methods. The project is deepening the international dimension of the State University of Iowa. This international dimension is being shared,

in various ways, with the people of the State, the eastern area in particular.

Experience is the best teacher, and the volunteers' experiences in the developing nations of the world will provide the platform for their education of how things really are.

Incidentally, the Peace Corps volunteers who are going to Indonesia are being trained at the State University of Iowa—a fact which should make the gentleman's chest swell with pride. At the University of Iowa, the Peace Corps volunteer will learn the language, politics, customs, culture, and traditions of the host country.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BARRY. I yield to the gentleman from Iowa.

Mr. GROSS. I can argue with President Hancher as quickly as I can argue with the gentleman.

Mr. BARRY. Apparently the gentleman in his own State is not supported insofar as his views of the Peace Corps are concerned.

In conclusion, I should like to refer to a statement of Sargent Shriver which I think sums up exactly what the Peace Corps is to us:

We, as a nation, were in danger of losing our way among the television sets, the supermarkets and the material abundance of a rich society. Our debt and gratitude to the developing and emerging nations of the world is that they have reminded us of our own traditions, and given us a treasured opportunity to sacrifice and work once more for those principles which created our own Nation. By letting us participate in their struggles they have given us a chance to find ourselves.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close at 4:30.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. GALLAGHER].

Mr. GALLAGHER. Mr. Chairman, I yield my time to the gentleman from Rhode Island [Mr. FOGARTY].

The CHAIRMAN. The Chair recognizes the gentleman from Rhode Island [Mr. FOGARTY].

Mr. FOGARTY. Mr. Chairman, I rise in opposition to both the amendment and the substitute.

Mr. Chairman, the leading paper in my own State of Rhode Island, the Providence Journal, recently summed up the basic character of the Peace Corps. It said that "unlike Topsy, the Peace Corps is not going to just grow."

The Journal knows that many Government agencies have a tendency to grow like Topsy, but they are also aware that the Peace Corps can be distinguished from the usual Government agency. First, Sargent Shriver and his staff turn back unused money from last year's appropriation to the Treasury, and then before the taxpayers recover from this unusual example of fiscal responsibility, Mr. Shriver comes to the Congress and says the Peace Corps will not need all

the money asked for in its original budget. He says the Peace Corps wants to maintain its high standards and therefore will select fewer people. These are just two examples of how Mr. Shriver has made himself the taxpayers' best friend.

Mr. Chairman, the Peace Corps has established itself as the no-waste, no-nonsense agency. The people know that they are getting their money's worth from the Peace Corps. It is a sound investment. Now it would seem somewhat strange if we were to go to the people and say we no longer feel it necessary to invest your dollars in a wise manner. We are not going to invest more money in the big-return Peace Corps. That would not be good business.

We have a worthwhile product in the Peace Corps. More than 7,000 of our citizens are showing that American ingenuity is the key to success in the underdeveloped world. They are proving that the force that motivated earlier Americans is not dead; and they are showing us that same force can be the foundation for progress in other parts of the world.

We are not giving anything away in the Peace Corps. We are investing the initiative, adaptability, and hard work of American volunteers in an effort to create stability in the areas of the world that are being shaken by social and economic revolution. It is in our interest to do so. The Peace Corps is an economical and efficient way to do it.

The Providence Journal says the Peace Corps owes its reputation to the quality of its performance. That is true. That is the only reason we support it. The Peace Corps is effective in carrying out the mandate Congress has given it. We should not obstruct the very purpose for which we created the Peace Corps. It seems the least we can do is to continue with even greater emphasis a program that has done exactly what we wanted it to do.

The Providence Journal calls the Peace Corps the pride of the United States and a marvel in the world. The people are not given to such love of Government programs easily. They know when they are getting their money's worth.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Chairman, as one of the coauthors of the minority report, I believe it practical to return this debate back to the point at which it originated. We have two amendments before us. I oppose the Gross amendment and support the Thomson amendment. As a matter of practical arithmetic, here is the situation. The Peace Corps is placing people in the field at the rate of 150 a month. At the present time there are 7,176 Peace Corps men in the field. In the 8 months remaining of the year, they could add 1,200. That would give them approximately 8,400 people. Multiplied by the \$9,000 per man that we are told it would cost, they cannot possibly spend more than \$75 million. The gentleman from Wisconsin proposes that we authorize \$81 million—

a substantial sum to meet any possible contingency. I would also like to point out instead of being criticized for having minority views, we ought to be complimented for constructive suggestions. We want to help the Peace Corps and serve the taxpayer by authorizing realistic sums. We want to help the Peace Corps by maintaining financial responsibility. There is no possible way that the Peace Corps in good or bad projects could spend \$102 million. The only way they could do it would be to lower their standards and we do not want them to do that. An authorization of \$102 million is practically a blank check. It does not take into account realistic manpower utilization. Furthermore, the proponents of the program must bear in mind that we have yet to receive a thorough inspection and appraisal of the entire Peace Corps operation. It would seem the cause would be benefited far more by careful scrutiny and congressional control than by lavish blind praise and dispensing of unlimited funds.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, that is a great idea. Save the Peace Corps by choking it to death. That is the plain intent of the amendments. A vote for the amendment is a vote to kill the Peace Corps. Mr. Chairman, a statement was made in the debate that a newspaper in Ghana was attacking the Peace Corps. Let me inform the gentleman from Iowa that the newspaper in Ghana he referred to recently carried a prominently displayed article calling the Peace Corps a godsend. I put it in the CONGRESSIONAL RECORD and I hope the gentleman from Iowa will look it up and read it.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. CURTIS] for 1½ minutes.

Mr. CURTIS. Mr. Chairman, my concern is the level of these programs and the fact that in our entire society we do a great deal of this missionary-type work. The bulk of it has been done traditionally in the private sector. The question is, what is the relationship between the governmental sector and the private in doing missionary-type work. In the committee hearings and in the reports and in the debate one has no concept at all of how much is being done dollarwise or otherwise in the private sector and whether or not the Peace Corps itself is geared to encourage further efforts in the private sector. Let me illustrate. In regard to the student exchange program where I once had the details, we all hear about the Fulbright scholarships. One would almost think the only student exchange programs were through the Federal Government. For every one dollar in Federal Government student exchange programs there were \$10 in the private sector, and I suspect the ratio is somewhat similar in this great missionary work. It is a problem of the use of such personnel as we have. The work is great, but the issue is how much should be done through the governmental mechanism and how

much should be done through the private sector.

As I said during the debate on the rule, regrettably the committee has not the information presented to us to evaluate whether this program should be doubled or cut in half or whatever.

I think the matter should go back to the Foreign Affairs Committee so that we can get the kind of data we need to enable us to vote with intelligence.

The CHAIRMAN. The Chair recognizes the gentleman from Montana [Mr. OLSEN].

Mr. OLSEN of Montana. Mr. Chairman, I rise in opposition to the amendment and in support of the committee bill.

Mr. Chairman, 40 Peace Corps volunteers from Montana are helping America to show the world that a free society can produce the kind of men and women, who by their own initiative, perseverance, and just plain hard work, can make the world a better place.

These Americans are proving in every corner of the globe that progress is the result of hard work. Through their example developing nations have seen that it is not American dollars which really do the job, but rather the ability to get down to the grassroots and do the work that needs to be done.

Mr. Chairman, it is not difficult to imagine the impact 7,000 Americans are having on the underdeveloped nations. In the words of a church official in the Philippines "one Peace Corps volunteer is worth a whole boatload of corn." One has to agree when he sees that a single Peace Corps volunteer in Pakistan saved a million-dollar rice crop. This single Peace Corps volunteer is costing the American taxpayers \$75 a month in addition to a small living allowance. Certainly he is well worth the investment.

This great return on a small investment can be magnified many times in the areas of Latin America, Asia, and Africa where Communist lies fool millions every day. Peace Corps volunteers are serving in the very nests of the Communist agitators in these areas. By their presence alone they expose the fraud being perpetrated by the Communists.

Mr. Chairman, these Americans are our greatest asset in the pivotal area known as the developing nations. We are fortunate to have citizens such as these. We are fortunate they are willing to serve. And we are fortunate they are serving so well. I hope we give them the support they need.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Wisconsin [Mr. THOMSON]. There are a few figures that I think are important. In 1961, in August—and I shall speak only in round numbers—there were about 500 members in the Peace Corps. A year later, in 1962, there were about 3,500 members. Again a year after that, in 1963, there were about 6,600 members. Today, in mid-November, there are about 7,200

members in the Peace Corps. If that progression is to be continued, and if we assume that a fair standard of cost is \$9,000 per year per Peace Corps individual, then it is quite apparent that there will be enough money at the level proposed by the gentleman from Wisconsin, that is, \$81 million, to carry on the program for the balance of this fiscal year.

If Members support the amendment of the gentleman, they will be granting an increase over expenditures in the last fiscal year of more than 40 percent, which is certainly a rather large increase for any program.

I am convinced after studying the matter carefully that the reduction proposed will not injure the program and will in fact tighten it and make for a more effective Peace Corps operation.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. FASCELL].

Mr. FASCELL. Mr. Chairman, I have heard some very unusual discussions with respect to the pending matters. I am opposed to the amendment and the substitute and support the committee bill. It strikes me as somewhat unreasonable to say that the Peace Corps is doing a good job and because it is, it should not be expanded or should not be given the opportunity to expand and do a better job. It seems rather unreasonable to me to argue that because nothing can be said in criticism about the program that it should be cut down or discontinued.

I find it very difficult to understand the reasoning that says because taxpayers' money is not being spent fast enough by the Peace Corps in the first 6 months of this fiscal year, therefore this authorization should be cut down and the program not given an opportunity to expand or continue its good work. It has been implausibly argued that it is impossible to get people into the Peace Corps at a rate faster than that which they are now being recruited.

But there is given no evidence to support this allegation. I say the Peace Corps should be given the opportunity to recruit more.

There are almost 7,200 people in the program and the Peace Corps says the target is 11,340 people. The recruitment growth record of the Peace Corps is admittedly excellent. Progress under the program has been worthwhile and there are more pending applications than ever. In the nonmilitary, noneconomic area, this program has had a great effect and tremendous beneficial impact both for the host country and the United States. For these reasons we should give the Peace Corps opportunity to expand, by our action in voting down the amendment and the substitute, and voting for the committee bill.

Furthermore, and in conclusion, if people cannot be brought into the program all the funds authorized cannot be spent. Therefore I cannot see any reason why we should not support the amount of the authorization in the committee bill.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. HARVEY].

Mr. HARVEY of Indiana. I follow rather closely the views of my colleague from Indiana [Mr. ADAIR]. I feel that this has been a good program. As one who has been as careful as any Member of the House, I believe, about the fiscal stability of our country—I yield to no one in that respect—I feel that this is one area where if you are a real economist, where if you want to get the most for your dollar, you should support this program.

I want to give a little personal illustration, if I may, and I hope you will pardon me for doing so. It happens that Mrs. Harvey and I were sponsors of one of the first sort of "guinea pig" students who came to Indiana, came to the United States, from one of the South American countries. This young man lived here with us during the year 1943-44. He has since gone back to his South American country and today I think is one of the great forces in that country for stability and survival of a representative form of government such as we ourselves believe in. He is a great and effective foe of communism. This young man has written to me and said in no uncertain terms that in his humble judgment this particular type of effort and program is the best that we could possibly support; we are getting more for our money, we are getting more in return than we could by any other way.

Mr. Chairman, I hope the House will support this program.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. ZABLOCKI].

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment and to the substitute. I have tried to find the logic in both proposals. Apparently no one disagrees that the Peace Corps has been a success. As a matter of fact we point with pride to the unused funds that it has returned to the Treasury because this agency did not attempt to obligate all of its funds. Are we going to say that we will penalize the agency by cutting back its funds?

Both the amendment and the substitute minimizes the planning that has gone into the Peace Corps. Does the amendment intend to cut the amount back to \$81 million and provide that none of that money shall be for administrative expenses? It is not clear to me where the reductions would be made as between operational costs and administrative costs. Further, does the gentleman from Iowa, in his substitute, intend that the Peace Corps should stand still and not progress, that it shall not have any planning?

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. ZABLOCKI] has expired.

The Chair recognizes the gentleman from Michigan [Mr. JOHANSEN] for 1½ minutes.

Mr. JOHANSEN. Mr. Chairman, let there be no misunderstanding. I opposed the Peace Corps originally and I oppose it now. I intend to vote for the substitute amendment, and if that fails, I shall vote for the amendment. In any event I shall vote against the passage of the bill.

We are engaged today supposedly in a conflict with world socialism. It is proposed by this Government-subsidized program to socialize missionary activity of the type that heretofore has been done by religious, lay groups, foundations, and other organizations.

Mr. Chairman, I associate myself on that score with the wisest remarks that have been made this afternoon, made by the gentleman from Missouri [Mr. CURTIS].

If we were to believe some of this talk, international philanthropy on our part was originated by this administration, and youthful zeal and idealism is a creation of this administration.

Mr. Chairman, I reject both premises. I think it is particularly ironical that the comments offered by my very esteemed friend, the gentleman from Massachusetts [Mr. O'NEILL], about the Philippine Islands should have been made. Why, 60 years before the New Frontier was ever heard of there was a job done over there. And, while it was done under the occupation of the American Government, it was done principally and primarily by the private sector of our Nation and of our people. That support of the private sector was encouraged and not disregarded by the American people and Government.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

The Chair recognizes the gentleman from New Jersey [Mr. FRELINGHUYSEN] for 1½ minutes.

Mr. FRELINGHUYSEN. Mr. Chairman, lest there be any possible misunderstanding of my own position, I feel that this is a deservedly popular program. It deserves our continued support. For that reason I rise in opposition both to the Gross amendment and to the Thomson amendment.

The Gross amendment, I think, would be particularly undesirable. It would imply not only that we disapprove of what we have been doing, but that we feel the existing level of volunteer effort should be cut back.

Mr. Chairman, I do not think a program that has proven as valuable as this one to our own country, and to the countries where we provide our help should be cut back.

Mr. Chairman, a more serious question is the Thomson amendment, which I believe also should be opposed. This amendment would provide money sufficient to maintain only 9,000 volunteers, instead of an amount sufficient to support 11,300 volunteers. Mr. Chairman, in my opinion there is a real possibility that we can find as many as 11,300 well-qualified volunteers. I think a cut of over 20 percent from the amount requested would be undesirable. It would be an indication that we have our doubts regarding the selectivity which will be used hereafter, even though we must generally concede that a good job has been done up to this point.

For these reasons, Mr. Chairman, I think we should oppose any cut in the authorization. We should positively oppose both amendments.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. MORGAN] for 1½ minutes.

Mr. MORGAN. Mr. Chairman, I rise in opposition to both the Gross amendment and the Thomson amendment.

During the hearings, those who attended the hearings, heard a detailed justification for adding the additional volunteers to the Peace Corps. The original proposal was for 13,000 Peace Corps members. The reduction offered by the Director was down to 11,300.

Take a look at the report, on page 4. Members will note that the two areas of the world which are in greatest need of Peace Corps volunteers are Latin America and Africa. The additional funds are needed to send volunteers to those areas.

Mr. Chairman, those who say that these additional volunteers cannot be recruited cannot show me any evidence in the presentation made by the Peace Corps that indicates that they cannot be produced.

Mr. Chairman, I say again that the two areas where there is a crying need for volunteers are Latin America and Africa. Those who took the time to read the report written by the gentleman from Alabama [Mr. SELDEN], and his Subcommittee on Latin America after their visit to Latin America in 1962, will remember that they made a recommendation for an increased Peace Corps in Latin America.

Mr. Chairman, I say both of these amendments should be defeated. I think the Peace Corps has done a good job in turning back money at the end of fiscal year 1962 when they returned to the Treasury the sum of \$1.9 million, and again in 1963 when they returned \$3.9 million. They obligated only as much as could be used effectively and turned back the rest.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Mr. Chairman, for years Members have advocated, and I agreed with them, the proposition that more work should be done at the grassroots level in these underprivileged countries. That is where the Peace Corps works. It reaches the grassroots. It is doing a tremendous job and I hope both amendments will be defeated.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Iowa [Mr. GROSS] to the amendment offered by the gentleman from Wisconsin [Mr. THOMSON].

The substitute amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. THOMSON].

The question was taken; and on a division (demanded by Mr. THOMSON of Wisconsin) there were—ayes 94, noes 146.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. ADAIR

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On the first page, beginning in line 6, strike out "\$102,000,000" and insert in lieu thereof "\$92,000,000".

Mr. ADAIR. Mr. Chairman, the amendment which I propose here would reduce the amount of the authorization by \$10 million. It would reduce it from \$102 to \$92 million.

In my opinion, and applying the best standards we have as to the cost of the program, this would make possible in the Peace Corps more than 10,000 people at the end of this fiscal year. This would make possible, Mr. Chairman, an increase greater than we have had in previous years.

As I pointed out a few moments ago, from 1961 to 1962 we increased from 400 to 3,500, from 1962 to 1963 we moved from 3,500 to 6,600. My amendment would still make possible a Peace Corps of over 10,000 people, an addition of more than any we have had in previous years, and, again having in mind that we are now speaking in mid-November, certainly more people than can be carefully added to the Peace Corps in the remainder of this fiscal year.

The Director, Mr. Shriver, has pointed out, and I applaud this, that the Peace Corps has been quite selective in the people that it has chosen to enroll. I hope this policy is continued and I believe it will be, but with this selectivity certainly 3,500 or more people to be added in this fiscal year gives more than enough leeway. Here is proposed less than a 10-percent cut in the program. If people believe in governmental economy, if they believe in economy which yet permits a good program to be carried forward at adequate levels, then this amendment ought to be supported.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the House has just acted on this issue. The arguments on both sides have all been given in the discussion of the Gross amendment and the Thomson amendment. I am sure everybody recognizes that the Adair amendment is just another cut of \$10 million. I ask that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The question was taken; and on a division (demanded by Mr. ADAIR) there were—ayes 108, noes 124.

Mr. ADAIR. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. ADAIR and Mr. GALLAGHER.

The Committee again divided, and the tellers reported that there were—ayes 120, noes 144.

So the amendment was rejected.

Mr. ALBERT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the great universities of this country that cooperate with this program are universally in favor of it. I am pleased to read the following item from the UPI ticker tape:

WASHINGTON.—An official of the University of Oklahoma reported today the Peace Corps in Bolivia was a resounding success.

Dr. Thurman White, dean of the university's extension service, made the report to the Oklahoma congressional delegation. Taking note of recent criticism that the Peace Corps was "long on public relations and

short on accomplishment," he said the exact opposite was the case.

Dr. George Cross, president of the university, called the Peace Corps one of the best programs to be initiated by the Federal Government.

Mr. Chairman, I would also like to take this opportunity to discuss briefly a few of the aspects of the Peace Corps which have particularly impressed me because they have been unexpected dividends. In supporting the Peace Corps when it was little more than an idea, I expected a great deal of it, but my expectations were confined to what I considered realistic levels and realistic areas. I expected that most of the Peace Corps volunteers sent overseas would be effective, well-motivated people who would make a small contribution to the development of other countries. I expected that their knowledge and understanding of the world we live in would be broadened and deepened and that the understanding of the United States on the part of the people with whom they came in contact would be enhanced. And I expected that these important, if limited, ends would be achieved at a lower cost than through most Government programs. If these expectations had been met, I would have been satisfied.

But instead, the Peace Corps has presented a far more striking picture. For one thing, it has appealed to the people of this country on a scale which I had not imagined. Many people felt that once the initial flood of applications had abated, the young people of this country—and the older ones as well—would continue to apply, but in a flow that amounted to little more than a steady trickle. But applications for Peace Corps service have been received at an increasing rate—over 20,000 in 1962, almost 30,000 so far in 1963 with over a month to go. And new records continue to be established.

These impressive figures on quantity are more than equaled by measures of quality. Of some 7,000 volunteers sent overseas by the end of last month only about 6 percent had been terminated early, and many of those had returned before the end of their term of service for reasons beyond their control. The Peace Corps is to be congratulated on its unprecedented achievement in developing so sound a selection process for dealing with such a large volume of people. And I am even more heartened to learn that selection standards are being tightened still further and that Mr. Shriver and his staff deliberately lowered their year-end goals for the past year in order to insure that the quality of the Americans sent overseas as Peace Corps volunteers was maintained or even increased.

I received more than I dared to expect, too, in impact of the Peace Corps, both in this country and overseas. Not only are the volunteers themselves enriched by the experience of Peace Corps service, but hundreds of communities throughout the United States have become deeply involved in their activities overseas. The activities of dozens of American universities have been broadened through the training of Peace Corps volunteers, and the families, friends, and organizations of the volunteers and are receiving

new insights into ways of life quite different from ours.

Today, isolationism has become an anachronism, and the Peace Corps has done more than any other program I know of to remove its last vestiges from the most remote corners of this country.

The impact of the Peace Corps abroad has also been greater than I had imagined. The reputation of the volunteers at work has spread far beyond the people with whom they work directly, and even beyond the bounds of communities as a whole. A measure of their impact lies in the fact that the Ramon Magsaysay Award—the Asian equivalent of the Nobel Peace Prize—was given to the Peace Corps volunteers at work in 11 Asian nations. This was the first time this award has been given to a non-Asian group.

Finally, my expectations have been more than fulfilled in the economy with which the Peace Corps program has been implemented. In these days of rising costs, it is immensely gratifying to find that the average cost of a Peace Corps volunteer has remained at a level of \$9,000 since the program began. It is even more gratifying to note that the proportion of the budget allocated to administrative expenses has declined steadily, and that the Peace Corps has been as good as its word in turning funds which were not clearly necessary—but which could certainly have been spent with relative ease—back to the Treasury.

These are just a few examples of areas in which the Peace Corps has more than justified the support of those of us who were enthusiastic in its initial stages. And I must say, Mr. Chairman, that it is not often in the course of my work that I get so much more than I bargained for. The Peace Corps clearly deserves to be authorized the full amount recommended by the Committee on Foreign Affairs.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

SEC. 2. Section 5 of the Peace Corps Act, as amended, which relates to Peace Corps volunteers, is amended as follows:

(a) In subsection (b), insert the following sentence immediately after the first sentence: "Supplies or equipment provided volunteers to insure their capacity to serve effectively may be transferred to the government or to other entities of the country or area with which they have been serving, when no longer necessary for such purpose, and when such transfers would further the purposes of this Act."

(b) Strike out subsection (c) and substitute therefor the following:

"(c) Volunteers shall be entitled to receive a readjustment allowance at a rate not to exceed \$75 for each month of satisfactory service as determined by the President. The readjustment allowance of each volunteer shall be payable on his return to the United States: *Provided, however*, That, under such circumstances as the President may determine, the accrued readjustment allowance, or any part thereof, may be paid to the volunteer, members of his family or others, during the period of his service, or prior to his return to the United States. In the event of the volunteer's death during the period of his service, the amount of any unpaid readjustment allowance shall be paid in accordance with the provisions of the Act

of August 3, 1950, chapter 518, section 1 (5 U.S.C. 61f)."

(c) In subsection (f) (2), strike out "termination payments" and substitute therefor "readjustment allowances".

(d) In subsection (g), add immediately after "may determine" the following proviso: "Provided, That not to exceed one hundred volunteers in the aggregate may be assigned to carry out secretarial or clerical duties on the staffs of the Peace Corps representatives abroad."

(e) In subsection (h), strike out "and for the purposes of" immediately after "tort liability statute," and substitute therefor "the Federal Voting Assistance Act of 1955 (5 U.S.C. 2171 et seq.), the Act of June 4, 1954, chapter 264, section 4 (5 U.S.C. 73b-5), and".

(f) Add a new subsection at the end of section 5 as follows:

"(k) In order to assure that the skills and experience which former volunteers have derived from their training and their service abroad are best utilized in the national interest, the President may, in cooperation with agencies of the United States, private employers, educational institutions and other entities of the United States, undertake programs under which volunteers would be counseled with respect to opportunities for further education and employment."

SEC. 3. Section 6(1) of the Peace Corps Act, as amended, which relates to Peace Corps volunteer leaders, is amended by striking out "termination payments" and substituting therefor "a readjustment allowance".

SEC. 4. Section 7(b) of the Peace Corps Act, as amended, which relates to the compensation of persons engaged in the United States in activities authorized by the Act, is amended by striking out "so" in the first sentence thereof.

SEC. 5. Section 10(a) of the Peace Corps Act, as amended, which relates to general powers and authorities, is amended by inserting immediately after "or otherwise" in paragraph (3) "and transfer such property to the government or other entities of the country or area with which the volunteers are serving, when such transfers would further the general purposes of the Act".

SEC. 6. Section 13 of the Peace Corps Act, as amended, which relates to the employment of experts and consultants, is amended as follows:

(a) In subsection (a), strike out "Peace Corps" and substitute therefor "President".

(b) In subsection (b), strike out all that appears between "shall not" in the first clause thereof and "be considered" in the second clause thereof.

SEC. 7. Section 19 of the Peace Corps Act, as amended, which relates to the Peace Corps seal, is amended by striking out the short title and substituting therefor "Exclusive Right to Seal and Name", by inserting "(a)" before "The President may", and by adding a new subsection as follows:

"(b) (1) The use of the official seal or emblem and the use of the name 'Peace Corps' shall be restricted exclusively to designate programs authorized under this Act.

"(2) Whoever, whether an individual, partnership, corporation, or association, uses the seal for which provision is made in this section, or any sign, insignia, or symbol in colorable imitation thereof, or the words 'Peace Corps' or any combination of these or other words or characters in colorable imitation thereof, other than to designate programs authorized under this Act, shall be fined not more than \$500 or imprisoned not more than six months, or both. A violation of this subsection may be enjoined at the suit of the Attorney General, United States attorneys, or other persons duly authorized to represent the United States."

SEC. 8. The Peace Corps Act, as amended, is amended to add after title II thereof a new title as follows:

"TITLE III—ENCOURAGEMENT OF VOLUNTARY SERVICE PROGRAMS"

"SEC. 301. (a) The Congress declares that it is the policy of the United States and a further purpose of this Act to encourage countries and areas to establish programs under which their citizens and nationals would volunteer to serve in order to help meet the needs of less developed countries or areas for trained manpower, and to encourage less developed countries or areas to establish programs under which their citizens and nationals would volunteer to serve in order to meet their needs for trained manpower.

"(b) Not more than \$300,000 may be used to carry out the purposes of this title in fiscal year 1964. Activities carried out by the President in furtherance of the purposes of this title shall be limited to the furnishing of knowledge and skills relating to the selection, training, and programing of volunteer manpower. None of the funds available to carry out the purposes of this Act which are used in furtherance of the purposes of this title may be contributed to any international organization or to any foreign government or agency thereof; nor may such funds be used to pay the costs of developing or operating volunteer programs of such organization, government, or agency, or to pay any other costs of such organization, government, or agency.

"(c) Such activities shall not compromise the national character of the Peace Corps."

Mr. MORGAN (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GROSS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I take this time to ask the chairman of the committee a question or two concerning the language on pages 5 and 6. On page 5 of the bill, beginning on line 19, it is stated:

The Congress declares that it is the policy of the United States and a further purpose of this Act to encourage countries and areas to establish programs under which their citizens and nationals would volunteer to serve in order to help meet the needs of less developed countries or areas for trained manpower, and to encourage less developed countries or areas to establish programs under which their citizens and nationals would volunteer to serve in order to meet their needs for trained manpower.

I have no objection to that statement. I would like to see the other countries get into this program and get off our backs so that we might save the taxpayers of this country a little money. Then on page 6 it is stated:

Not more than \$300,000 may be used to carry out the purposes of this title in fiscal year 1964.

I shall not read the remainder of paragraph (b), but it stipulates that none of these funds shall be used for certain purposes.

Is it the understanding of the chairman of the committee that no part of

this \$300,000 is to be used to finance an international secretariat or to finance any of these international organizations that are presently in existence in foreign countries or that may be brought into existence? For what purpose will the \$300,000 be spent?

Mr. MORGAN. None of these funds can be used to pay the salaries of any international secretariat. On line 7 it says: "furnishing of knowledge and skills relating to the selection, training, and programing of volunteer manpower."

We could furnish them Peace Corps personnel to help set up a program, but none of this money, as I read the language, may be allotted to pay the salaries of any international Peace Corps secretariat or contributed to an international organization for any purpose.

Mr. GROSS. I have an amendment; but with the assurance and the understanding of the chairman and other members of the committee that this money is not to be used to finance an international secretariat I will not offer the amendment; or to finance an international organization in a foreign country that is in existence or may be organized for this purpose. But I will say to the gentleman that as one member of the committee I am going to be very much interested in what happens to this \$300,000 that is here earmarked.

Mr. LIPSCOMB. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from California.

Mr. LIPSCOMB. Is it possible under this amendment for the Peace Corps to furnish to the international Peace Corps secretariat personnel and that personnel be paid out of the Peace Corps funds?

Mr. GROSS. I will say to the gentlemen from California that I do not like the section as it is, or the title as it is presently written. I will leave it to some other member of the committee to answer that question.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I yield to the gentleman from Ohio.

Mr. HAYS. The gentleman from Iowa will remember that I first raised the question about this in the committee because I am just as opposed to having an international secretariat and an international peace corps as is the gentleman from Iowa. The gentleman will remember that I said I thought we ought to be able to do this on a bilateral basis. But I think in all fairness and all honesty, as the section is written, to answer the gentleman's question, and the section was written as a compromise as the gentleman knows, that we could furnish a man or two men to any organization which was engaged in what is set forth that we want to foster, up to the amount of \$300,000.

Mr. GROSS. That is what concerns me. Why should we be financing people to go to foreign countries to organize so-called peace corps? Why do they not come at their own expense to this country and find out how this organization is set up?

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. HAYS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I take this time to further develop the question asked by the gentleman from Iowa [Mr. Gross], because I think this is important. I think both the gentleman from Iowa and I are driving in the same general direction.

If the gentleman will remember, the people did come from Puerto Rico and we did not send anyone anywhere else. Puerto Rico is presumably a part somehow of this country, a commonwealth associated with the United States.

Mr. GROSS. Unfortunately, we paid some of their expenses to get them to that middle level manpower meeting, as it was called.

Mr. HAYS. The gentleman from Iowa will remember that the objective is to try to get these people to set up peace corps of their own.

I think we understand some of this compromise language, that this is to be a 1-year, one-shot operation. At least, that is the way I understand it. We cannot pay their expenses under the language now. West Germany is setting up a peace corps. I had some conversations with some Germans about it. They are very enthusiastic about it.

I will assure the gentleman from Iowa that as far as I am concerned I am in general sympathy with the gentleman's objective and that I am considering this a one-shot operation in order to help some of these countries get started.

Mr. GROSS. And if the gentleman will yield, we will take a good, close look at it next year?

Mr. HAYS. I can assure the gentleman that we certainly shall, as far as I am concerned.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 9009) to amend further the Peace Corps Act, as amended, pursuant to House Resolution 565, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read the third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to

extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

TFX CONTRACT AWARD INVESTIGATION

Mr. STINSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. STINSON. Mr. Speaker, I would like to call to the attention of the Members of the House that the TFX contract award investigation is scheduled to resume early the week of November 18. As you are now well aware this investigation has been in progress since last February to attempt to ascertain if political influence was exerted in the awarding of this \$6 to \$7 billion aircraft contract. During the course of the investigation the possibility of conflict of interest has arisen, involving some of the highest officials of our Government. We have already witnessed the resignation of the Secretary of the Navy, Fred Korth.

I would also remind you of a promise made to the American people by Candidate Kennedy when he was seeking the highest office in the United States. In a speech on October 17, 1960, at Wittenberg College Mr. Kennedy said that he would impose "A single, comprehensive code on conflicts of interest—drawing a clearer line between propriety and impropriety—protecting the public against unethical behavior."

Candidate Kennedy continued:

The next President must set the moral tone, and I refer not only to his language.

Mr. Kennedy was elected and was influential in imposing a single comprehensive code concerning conflict of interest which became effective in January of 1963.

I now urge the President to examine carefully the activities of Deputy Secretary of Defense Roswell Gilpatric in light of this new comprehensive code, title 18 U.S.C. 208, or for that matter the previous law—title 18, U.S.C. 434. I am confident that if Mr. Kennedy will carefully make such an examination, he will conclude that the "clear line between propriety and impropriety" has been violated by Gilpatric.

I would like to review for you, Mr. Speaker, the relationship between Mr. Gilpatric and the General Dynamics Corp. prior to his Government service and also some of the activities between Gilpatric, the Cravath, Swaine & Moore law firm and General Dynamics after he took a leave of absence and became Deputy Secretary of Defense. I feel confident that continued investigation by the Senate investigating committee will reveal an even greater degree of conflict

of interest in this matter, and I urge that the committee pursue every facet of Gilpatrick's participation in the TFX contract award, so all avenues of conflict of interest possibility will be revealed.

Mr. Gilpatrick was a partner in the law firm of Cravath, Swaine & Moore. Mr. Gilpatrick said in his testimony that the law firm had worked for both the General Dynamics Corp. and Boeing Co. This was refuted and denied by the Boeing Co. They said that all Mr. Gilpatrick had ever done for them was appear as a witness in a court case and had received no attorney's fees whatsoever from the Boeing Co. Mr. Gilpatrick was in charge of the General Dynamics account for his law firm. He intends to return to this law firm when he leaves Government service. But the interesting thing about the relationship between the law firm and the General Dynamics Corp., which was one of their largest accounts, was that they received in legal fees from 1958 to 1960 \$126,000. In the period between 1961 and 1962 the law firm received \$142,000. From the General Dynamics Corp. and in the first quarter of 1963 the law firm received \$31,500. So it was a very lucrative account for Cravath, Swaine & Moore. When Mr. Gilpatrick took a leave of absence from his law firm and became Deputy Secretary of Defense, Mr. Moore of that firm took over the General Dynamics account. Mr. Moore and the law firm were so highly thought of that General Dynamics made Mr. Moore a member of the board of directors of their company. Because of the closeness of the relationship between Mr. Gilpatrick and the General Dynamics Corp., I doubt very much if he could render an objective judgment on any contract in which they might be involved. I do not think there is any doubt but what there is a clear-cut case of conflict of interest on the part of Mr. Gilpatrick.

It is my opinion that not only should Roswell Gilpatrick be fired—he should be prosecuted under the full terms of the United States Code.

Mr. Speaker, I would also call your attention to the fact that the General Dynamics bid was \$415 million higher than the Boeing bid on the TFX contract. There is an amazing coincidence between this amount and the \$425 million loss General Dynamics suffered on its jet transport venture.

AWARD TO CARL VINSON

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, next Monday will be a day in history. It will be the 80th birthday of the Honorable CARL VINSON, a great son of Georgia, a great and towering son of the United States.

Hubert F. Lee, for 34 years editor of Dixie Business, published at Decatur, Ga., has beaten the gun by declaring our beloved colleague the Man of the Year

1964. The editorial staff of the Dixie Business magazine has made a Great American Award since 1955, when Dr. Charles F. Kettering was so designated. In 1962 the award went to Lt. Col. John H. Glenn, Jr.

The following announcement has just been made by Editor Lee:

Bernard M. Baruch and Representative CARL VINSON have been named "A Great American" for 1963 and 1964, respectively, by the editors of Dixie Business magazine.

Mr. VINSON is announced a year in advance as he will have served a half-century of "distinguished public service" in the Congress in 1964.

Mr. Baruch, in a letter, wrote Lee:

"Thank you so much for the honor you bestow upon me by naming me the 'Great American' for 1963. As I look over the list I feel very pleased indeed, particularly to be between two such fine men as Colonel Glenn and CARL VINSON. VINSON has been a wonderful American, especially in the last trying years."

To all of which CARL VINSON's colleagues in the House will join in a chorus of "Amen."

DISCLOSURE OF ALL EVALUATIONS OF EMPLOYEE PERFORMANCE TO THE EMPLOYEE INVOLVED

Mr. BROYHILL of North Carolina. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BROYHILL of North Carolina. Mr. Speaker, today I have introduced a bill to require Federal departments and agencies subject to the Civil Service Act to disclose all evaluations of employee performance to the employee involved. In introducing this measure, I am joining with my colleague, the gentleman from Nebraska, Congressman GLENN CUNNINGHAM, in urging the enactment of such legislation. My bill is identical to H.R. 5178 which the gentleman from Nebraska [Mr. CUNNINGHAM] introduced some time ago.

This legislation is intended to eliminate the practice prevalent in some Federal agencies of basing promotions upon confidential supervisory evaluations hidden from the employee.

An instance of such a practice was recently called to my attention. In this case, a Federal employee apparently had been denied promotion for 3 successive years despite excellent evaluation reports in the employee's official file. Efforts by the employee to determine the reasons for the denial of promotion were unsuccessful. Through an administrative error, however, the employee was shown a confidential evaluation report which contradicted the official comments on work performance that were a part of the official file. When this confusing contradiction was called to the attention of the appropriate officials, it was explained that the employee "was not supposed to have seen this material."

It is my understanding that this practice of duplicity is followed in a number of Federal agencies and that, in fact,

the U.S. Public Health Service has dignified it by issuing a printed questionnaire for the convenience of supervisory personnel.

Certainly, I believe the Congress has been correct in its efforts during the past several years to strengthen the quality of supervision in the Federal Civil Service. However, practices of this kind not only grossly disregard the rights of employees, but I feel, weaken the quality of supervision wherever they occur.

Candid, complete, and carefully considered performance evaluations are imperative in the interest of both the employee and for the efficient operation of the Federal office with which he is associated. It has been part of the sound administrative policy for many years for supervisors to counsel and advise employees concerning their work performance. In this way, more satisfactory performance can be obtained and the employee can be assured reasonable promotion opportunity. To foster any other system weakens the entire structure by discouraging honest and effective supervision. At the same time, it undermines employee morale when it is known that duplicity can be practiced with impunity and the right is denied employees to profit from or respond to critical evaluations of which they are unaware.

Mr. Speaker, I am convinced that this legislation would substantially strengthen the Federal service and would operate to the mutual benefit of employees and Federal agencies by restoring fairness in promotion evaluation. It is my earnest hope that it can be given congressional attention at the earliest possible time.

THE IMPORTANCE OF ARA

Mr. MATSUNAGA. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. STAEBLER] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

Mr. STAEBLER. Mr. Speaker, I would like to call to the attention of my colleagues the publication, recently, of a book entitled "Adjusting to Technological Change." Two of the three coeditors happen to be active citizens of my State, representing two vital forces in Michigan's economy and its community of leaders—Edward L. Cushman, of the American Motors Corp., and Nat Weinberg, of the United Auto Workers. As members of the highly respected Industrial Relations Research Association, they have worked together to assemble eight chapters written by distinguished experts on the problems and challenges of technological change.

Two of these chapters have been contributed by other Michigan analysts: one, on "Cooperative Approaches to Problems of Technological Change," by Charles Killingsworth, professor of labor and industrial relations, at Michigan State University. Professor Killingsworth discusses the resolution of con-

flict between management's desire for flexibility and labor's desire for job security, as affected by changes in technology in the auto, rubber, steel, longshoring, and railroad industries.

The other chapter is on "Technological Change and the Community," co-authored by Dr. Harold L. Sheppard, formerly with Wayne State University in Detroit, and the Area Redevelopment Administration. Dr. Sheppard recently joined the Washington staff of the Upjohn Institute for Employment Research, a foundation which is also based in Michigan.

Dr. Sheppard and his fellow author, Dr. Sar Levitan—formerly with the Legislative Reference Service of the Library of Congress—have provided a succinct portrayal of the role of a program such as the Area Redevelopment Administration, which unfortunately receives very little attention these days. I would like to cite a few aspects of this role.

First:

Possibly the most significant element in the package of tools provided under the Area Redevelopment Act is the emphasis on motivating depressed communities to mobilize their resources to plan constructive development programs which help stimulate economic growth.

Second:

In large part, the effectiveness of the area redevelopment program will depend upon the response of local communities to the opportunities and stimuli provided by the Federal Government. One vital response consists of the efforts of such communities to engage its key segments in grassroots research, discussion, analysis, and planning.

One example of this type of response can be found in the overall economic development program written and submitted by Detroit, in its striving to diversify that area's economic base. The need for Detroit is to generate enterprises in the nonmanufacturing industries, and the local leaders, from business, labor, education, and government, have pinpointed specific types of facilities not adequately available in Detroit that are needed to attract such nonproduction job-creating opportunities. Among these are:

First. Research campuses for the direct and indirect use of large and small firms in need of research facilities, and for attracting additional industries with similar needs.

Second. Development of port facilities, in coordination with the area's extensive expressway system and airport facilities.

Third. The redevelopment of the "core city" in order to allow Detroit to share in the country's growing tourist and convention business.

Without ARA, Detroit would not have had the necessary missing link to start that large area planning and acting to provide for such projects.

Without ARA, the area would not have created an industrial development corporation, with responsible representation from the large auto companies, the lending institutions, the utilities, the unions, and so forth.

Without ARA, the banks and participating businessmen would still be look-

ing for the missing \$1.8 million that was needed to build a \$10 million hotel facility to help make Detroit a modern tourist convention center. The last big hotel built in Detroit was constructed about 40 years ago, and the existing room capacity did not include enough facilities of a quality necessary to put Detroit in a first-class category. Instead of being defensive and apologetic about such projects, Detroit—and ARA—should be boasting about their contribution to the expanding tourist industry of America.

Without ARA, Detroit would not now be submitting a proposal to analyze the feasibility of a research park, in line with its previously submitted overall economic development program—a proposal backed by such reputable authorities as Booz, Allen & Hamilton, local officials in planning, corporation officials in Detroit and elsewhere around the country, and by Theodore Levitt of the Harvard Business School. Willis Hawkins, of Lockheed Aircraft, in commenting on the potentials of Detroit in this field of activity, has said:

In order to be effective * * * science must develop products or initiate services that will create employment.

Without ARA, an up-to-date study of the problem of Detroit's port facilities would not have been completed and acting as a catalyst to start some concrete, positive action on this problem.

Without ARA, the neglected challenge of launching a truly effective coordination of attacks on the "inner city" issue would never have a chance, not only in Detroit but elsewhere around the Nation.

And while it is a bit early to comment in detail, I am counting on ARA to pick up the suggestion of President Kennedy relating to the need for an interstate program for the upper Lake States to carry out a comprehensive attack on that region's economic development problems and opportunities. No other agency exists that can immediately pick up the ball to take bold ideas and get them off the dime.

AN ADDRESS BY HON. ROY A. TAYLOR, 11TH DISTRICT OF NORTH CAROLINA

Mr. MATSUNAGA. Mr. Speaker, I ask unanimous consent that the gentleman from North Carolina [Mr. KORNEGAY] may extend his remarks at this point in the RECORD and include an address.

The SPEAKER. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

Mr. KORNEGAY. Mr. Speaker, on Veterans Day, our distinguished colleague, the gentleman from the 11th District of North Carolina, Hon. Roy A. TAYLOR, made a very timely and inspiring address to the Junior Chamber of Commerce of Asheville, N.C. The occasion was the honoring of the 22 million veterans who have fought to preserve the liberty and freedom of this great country but it should also serve as a challenge and inspiration for all good Americans. I am pleased to have the

opportunity to insert it in the CONGRESSIONAL RECORD.

VETERANS DAY SPEECH BY CONGRESSMAN ROY A. TAYLOR

This is a day full of significance for the American people and I am deeply grateful for the honor which you have bestowed upon me by inviting me to speak on this occasion. This is the 45th anniversary of a memorable day in human history. We meet here on this Veterans Day to honor the memory of those young American citizens who gave their lives on the field of battle in defense of this country. We honor them by teaching our children that it is a privilege to wear our country's uniform. We honor them by preserving the principles of freedom and justice for which they fought. We honor them by developing a sense of national purpose and rededicating ourselves to American ideals. We honor them by making the light of liberty burn so brightly that it can be seen by the entire world.

Millions of people today are looking to America for leadership sufficient to stop communism, preserve freedom, and secure world peace. Some citizens have proposed that our chief aim today should be sheer national survival, but since America is the world's chief home and hope of freedom, survival alone is not an adequate goal. We cannot abandon lofty ideals for all mankind in favor of compromise of safety or of comfort. We need a renewed understanding and a new dedication to our national purposes.

Our forefathers stated the goals and purposes of America, "to form a more perfect Union, establish Justice, ensure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessing of Liberty."

To give these goals uniform application we should extend our vision to all mankind. In this day of big government and totalitarian states we must preserve and promote the private aspects of freedom, the right of men to choose their own ideas and pursuits and to be free from governmental interference, the right to do what they like with their own.

Also, we must promote the public aspect of freedom—that is, the obligation of the Government to help secure for all people rights of life, liberty, and the pursuit of happiness.

Today, America faces serious problems and we veterans should take the lead in finding a solution to these problems. The most alarming change since World War II has been the trend in social and economic thinking toward communism. We know that communism is wrong and ignoring it will not cause it to go away. The struggle is a struggle of ideas but the underlying issue is clear. The issue is whether individual man after groping his way through centuries of repression is to be thrown back into the grasp of totalitarian forces.

We wonder why communism has spread, but since World War II it has spread across China, Bulgaria, Albania, Czechoslovakia, Hungary, Poland, Rumania, Yugoslavia, and into the Middle East and into Africa and into Cuba, just off our shores.

Many other countries have been divided in the struggle of communism versus freedom. Today we have an East Berlin and a West Berlin; a North Korea, and a South Korea; a North Laos and a South Laos; an East Germany and a West Germany; North Vietnam and South Vietnam; West New Guinea and East New Guinea; Communist China and Nationalist China; a divided Pakistan, a divided Congo, a divided Arab Republic, and now a divided India.

These are indeed challenging times but we have survived great challenges before as the date November 11 indicates.

I am glad to report that the tide of the cold war is now turning in favor of the free

nations. Communism is losing its appeal as more and more people understand its true nature and objectives. Its inefficiency is underscored by the inability of collective farming to produce food sufficient to feed the people of Russia and China.

Castro is no longer a symbol of popular demand for economic and social reform. The space gap is being closed and we are leading Russia in intercontinental ballistic missiles and rockets by about 5 to 1.

International communism is no longer a single coordinated world movement as its two leaders, Russia and Red China, are quarreling among themselves. We know that freedom has many difficulties and democracy is not perfect, but we have not had to string barbed wire or put a wall around America to keep our people from leaving. In fact, if it were not for immigration restrictions, people from all nations would flock to our shores.

Sometimes I receive a letter from a discouraged citizen who has lost faith in this country, its leaders, its people, and its future. He is no longer willing to trust anyone.

Now, I do not approve proposals made and many trends in our Government. As a Congressman, I reserve the right to say "No." I believe that we have traveled too far down the road toward centralization of power in the Federal Government. I agree with Woodrow Wilson that: "The history of liberty is the history of the limitation of governmental power—not the increase of it." To maintain liberty, we must work for it, fight for it, sacrifice for it, pray for it, pay for it, and vote for it. The job will never be finished.

But my faith in America is unlimited. Changes that need to be made will be made. The people will see to that. The rank and file of our citizens today live in better homes, have a higher per capita income, have more leisure time, greater opportunities for education, health, long life, happiness, and community service than at any time in the past.

It is faith in tomorrow which has carried this Nation forward. America is still the land of dreams and its possibilities are limited only by the breadth of our vision.

Mothers today all over the world are praying that their sons and daughters might have the opportunities which we take for granted in this country. The things that made America great are still with us. The last three letters in the word American are still c-a-n.

In closing, may we keep America free—a Nation fit for heroes—serene in the knowledge of its past—confident and strong and ready for the future.

CANAL ZONE CRISIS: PLAN FOR ACTION—SUPPLEMENTARY

Mr. MATSUNAGA. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. Flood] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

Mr. FLOOD. Mr. Speaker, in a statement to the House on October 22, I dealt briefly with relations between Panama and the United States under the title of "Canal Zone Crisis: Plan for Action." Nothing since then has happened to cause a change in those views, that I have repeatedly stressed that where there is responsibility there must be authority and that the Panama Canal enterprise

cannot be successfully maintained, operated, sanitized, and protected with less authority than that provided in the 1903 treaty.

Despite the clarification that has been presented to the Congress and assertions by the Department of State that the long-range interests of the United States will be safeguarded, the pressure for a major revision of the 1903 treaty has been maintained in Panama by the President of that Republic, by its national assembly, and by former Panamanian officials.

In addressing the National Assembly of Panama on October 2, 1963, President Chiari revealed that the relations of his country with the United States had become a "permanent demand" by Panama for additional "benefits from the canal enterprise," called for immediate negotiations for a new canal treaty, and warned that delay would risk creating "delicate situations."

Later, on October 9, former Foreign Minister and treaty negotiator, Dr. Octavio Fabrega, emphasized that there are four basic points in the Panamanian treaty revision demands:

First. Revision of the scope of U.S. authority, power, and control over the Canal Zone;

Second. Elimination of the "perpetuity" provision in the 1903 grant of the Canal Zone Territory;

Third. Greater benefits for Panama from canal revenue, even if this involves an increase in transit tolls; and

Fourth. Retrocession to Panama of all lands and waters within the Canal Zone that have been proved unnecessary for the operation of the waterway.

In the course of his address, Dr. Fabrega disclosed that of the four major treaty revision demands, the one that has found least resistance on the part of the United States was return of lands and waters not needed for the operation of the canal. This, I suppose, explains the readiness of elements in the Department of State to transfer pier 6 and 7 at Cristobal and corridors across the zone, including the Thatcher ferry bridge, and its connecting highways, to Panamanian jurisdiction.

As to the demands for retrocession of parts of the Canal Zone considered by Panama as "unnecessary" for the operation of the canal, President William H. Taft, as long ago as December 5, 1912, declared in an Executive order that "all land and land under water within the limits of the Canal Zone are necessary" for canal operations. Moreover, the titles to all Canal Zone land was acquired by the United States from its owner through purchase. Nor, Mr. Speaker, should our officials overlook that under the conditions of modern warfare, our Government should not think of reducing the Canal Zone territory but rather of its extension, including the entire watershed of the Chagres River.

Mr. Speaker, the dangers threatening the position of the United States in the isthmus are understood by our citizens in the Canal Zone charged with the heavy burden of maintaining and operating the Panama Canal. They are not

understood by the mass of our citizens in the United States because of the failure of the mass media and its publicists to deal with the problem either forthrightly or objectively. Instead, some of the mass media's widely read publicists, who have recently written from Panama, in their fallacious propaganda have descended so far as to condemn our Canal Zone citizens as "ugly Americans" and "bad-will ambassadors," to support the sinister influence in our Government that seeks to pacify through coddling Panamanian radicals, and to advocate further erosions of U.S. rights, power, and authority over the Panama Canal.

All the facts in the isthmian situation, Mr. Speaker, call for prompt action by the Congress as the only way to save the Panama Canal. To this end, I call upon the Committee on Foreign Affairs of the House for prompt and favorable action on House Concurrent Resolution 105, introduced by my distinguished colleague from Missouri [Mr. CANNON].

I urge passage by the Senate of H.R. 3999 to stop these giveaways. I ask the prohibition by statute of any public funds for the display of any flag in the Canal Zone other than that of the United States, and I urge adoption of House Resolution 451 reaffirming the Monroe Doctrine. These actions by the Congress and the House, Mr. Speaker, will be a start on the long road to a restoration of normal and indispensable conditions for meeting our treaty obligations for the maintenance, operation, sanitation, and protection of the Panama Canal.

As partial documentation for the foregoing, I include recent news stories from Panamanian newspapers and the Washington Post as part of my remarks:

[From the Panama American, Oct. 28, 1963]

MORE PANAMA FLAGS TO GO UP IN CANAL ZONE

Beginning November 3 more Panamanian flags are to be flown in the Canal Zone, side by side with the U.S. flag at the Gatun and Miraflores locks through which pass daily an average of 30 ships of many flags.

Twin flagpoles are being placed at the south end of Miraflores Locks and at the north of Gatun locks. More flagpoles are to be placed elsewhere.

The work, according to a Balboa Heights spokesman, "is being done as materials are available and as work forces can get at the jobs."

Reliable sources said the flags would be raised on November 3, although the Balboa Heights spokesman said that "no dates have been scheduled for the flags to be raised any place."

The spokesman said the additional Panamanian flags are being raised in accordance with the joint communique issued by the high-level Panama-United States Commission on January 10 last.

Today the Balboa Heights spokesman confirmed that "flagpoles are being placed, or are to be placed, at selected locations throughout the Canal Zone where it is appropriate for flags to be flown by civil authority."

The spokesman said the flags will be raised "routinely, as the flagpole work is completed."

"Some could go up tomorrow, some perhaps on November 3, some perhaps not until later. It all depends on the completion of the flagpole work," the spokesman said.

Meantime, efforts to prevent the flying of the Panamanian flag in the Canal Zone con-

tinue in the U.S. House of Representatives where a resolution barring the flying of any flag other than the U.S. flag in the zone is being studied.

At last report, the resolution, known as the Cannon resolution, through its sponsor, Representative CLARENCE CANNON, Democrat, of Mississippi, was being considered by the House Merchant Marine and Fisheries Committee.

The resolution is one of three submitted on the same subject. The other two were submitted by Representative DANIEL K. FLOOD, Democrat, of Pennsylvania, and Representative H. R. GROSS, Republican, of Iowa.

It is believed that the Cannon resolution would pass the House by a substantial majority but that it would encounter stormy going in the Senate. Should the Senate pass the resolution, it is believed that President Kennedy would veto it.

[From the Panama (Republic of Panama) Star & Herald, Oct. 2, 1963]

CHIARI CALLS FOR NEW CANAL TREATY NOW—BITTER DEBATE MARKS OPENING OF ASSEMBLY—OPPOSITION WALKS OUT AFTER LOSING OUT ON ELECTION OF OFFICERS; SESSION LASTS 4 HOURS

President Roberto F. Chiari called yesterday for immediate negotiations with the United States for a new treaty on the Panama Canal, saying "our two countries cannot delay the solution of their differences without risking delicate situations."

The President addressed the National Assembly at its installation session to report on his administration's accomplishments over the past 12 months.

On the domestic front, Chiari said the Government is tightening the belt to cut down a \$7 million deficit appearing on the books as of August 31. He appealed for Assembly support of the administration's 1964 budget, which he said will be realistic.

Only slightly more than half the membership of the Assembly stayed to hear the President's message after a stormy installation session that culminated with a walkout by 22 opposition deputies, which left the floor to 31 pro-Government deputies.

What should have been a ceremonial session of about 90 minutes' duration, lengthened into almost 3 hours of acrimonious debate over the procedure to be followed in voting for officers of the Assembly. Diplomats, Government officials, and Canal Zone civil and military authorities who were invited to the session squirmed through the lengthy discussion. Then, after the issue had been decided in favor of the administration, came the President's message, which took 73 minutes.

The opposition called for secret balloting in the election of officers. The Government side insisted on a rollcall vote. Administration supporters said the opposition's strategy was that in secret balloting some of the Government deputies might cross party lines and side with the opposition's candidate for the Assembly chair, Alberto Arias.

The opposition fought tooth and nail over the issue, each of its members taking the floor to argue that the Assembly bylaws called for secret voting. The Government deputies held their ground and in the end a rollcall vote was approved.

The opposition walked out en masse.

From then on, the Assembly's business developed smoothly and Ricardo Arango, Demetrio Decerega and José G. Duque were elected President, First and Second Vice President, respectively.

Relations with the United States took two pages of the Presidential message.

President Chiari said:

"Our relations with the United States have developed in a plane of soundness and calmness in permanent demand for recognition of our rights to obtain fair benefits from the canal enterprise, better treatment for Pana-

manian workers and adequate solution of points which cause dissatisfaction.

"Panama knows of no other position, there being no intention on its part of harming the rights which the Government of the United States acquired for the construction, operation, maintenance and defense of the Canal.

"President Kennedy believed, in good faith, that with the creation of a high-level Commission, composed of representatives of both Presidents, a solution would be found to the problems affecting relations between the two countries. It turned out otherwise. The results, 1 year after its installation, afforded such little encouragement, that I took the decision to suspend the conversations and this was done by mutual agreement. Upon discontinuing the meetings of the Commission, both nations face, once again, the delicate problem of their relations arising from the existence of the Canal in Panamanian territory. Half a century of tireless efforts, which have failed to resolve our dissatisfactions, should serve as clear and precise indication of the need for utilizing means different from those already employed in order to attain an honorable solution.

"I believe sincerely, and I say so with utter frankness, realizing the responsibility of my words, that we have arrived at the point and hour when our two countries cannot delay the solution of their differences, without risking delicate situations. I have the deep conviction that if Panama and the United States set aside the interminable and even well-nigh fruitless discussions over what should be the correct interpretation of existing treaties, and decide to tackle the analysis of their discrepancies with realistic judgment and in the light of the principles and norms of international law, now universally recognized, they will find adequate means for resolving, once and for all, a stable relationship which will permit them to harmoniously fulfill the common destiny imposed upon them by the existence of the canal. A satisfactory formula must be found that will place the relations of the two countries on a plane of clear and fair understandings which will enable Panama to obtain the largest economic benefits, without lessening the rights accorded to the United States of America. Both nations made possible the Canal enterprise, both have common interests in its operation, and it is only fair that both should share in the fruits of their effort and of their contribution."

The President cited services taken over from the U.S. Economic Mission, the land reform program, the coming elections, and increased social security payments as factors contributing to a share rise in Government expenditures. A sharp curtailment of spending is the only way to cope with the situation, he declared.

"There is a limit to taxes," President Chiari told the Assembly, "and it would be a dangerous policy to resort to more and more taxes in order to balance expenditures."

The Chief Executive spoke with pride of his administration's accomplishments in the field of education. He pointed out that school enrollment in the country has increased from 174,000 students 3 years ago to 208,000 last July. Yet, he pointed out, 33,000 school-age children still have no classrooms.

In the agricultural field, Chiari singled out for special mention the recently launched agrarian reform program, which he said is slowly winning over the trust and confidence of peasants. He noted, however, that there are elements purposely working against the land reform activities.

Chiari reported also on Panama's Alliance for Progress program, covering the next 7 years. It won't be until February or March of next year, he said, when the first credits are expected to be made available for putting the economic and social development plan in motion.

The President's message was sprinkled with references to Alliance for Progress assistance, particularly in school construction.

One other topic of national interest was included in the Presidential message—the 1964 elections. Chiari renewed assurances that voters will go to the polls without hindrance from the Government and that his administration will respect and sustain the voters' will as shows at the polls.

In his comments on the national guard—which he said has his confidence "without reservations or limitations"—the President called for an increase in manpower.

Chiari concluded his message saying that he blamed his own shortcomings for the fact that "we have not been able to do more so that the Panamanian people may lead a better life," but he declared he is satisfied he has done all he could.

It was 2:40 p.m. when the President finished reading his state of the nation report. The Assembly meeting, which had started at 10:35 a.m., was adjourned immediately. The first of the working sessions, which will last 2 months, is scheduled for this afternoon.

[From the Panama Star & Herald, Oct. 10, 1963]

FABREGA: NEW TREATY "MUST"; ARNULFO ARIAS: PANAMA CANAL ISSUE "FALLACIOUS"

Two prominent Panamanians spoke out yesterday on the subject of Panama-United States relations, one to say that the full revision of the 1903 treaty is the only solution to differences between the two countries and the other to charge that the Panamanian Government is using the "fallacious canal issue" to hide its own ineptitude.

The pronouncements came from Dr. Octavio Fabrega, a former Minister of Foreign Relations and treaty negotiator, and Dr. Arnulfo Arias, a former President of the Republic who has all but announced he will run in the 1964 elections.

Addressing a joint meeting of the Rotary and Lions Clubs of Panama at the Hotel El Panama last night, Dr. Fabrega said there are four basic points involved in the revision of the canal treaty: (1) A once-and-for-all definition of the scope of authority, power, and control of the United States in the Canal Zone, which has become so "americanized" that the United States treats it as part of its territory; (2) elimination of the perpetuity feature of the canal concession; (3) fair distribution of the canal benefits, which might involve an increase in the transit tolls; and (4) the return to Panama of lands and waters within the Canal Zone which have proved unnecessary for the operation of the waterway.

Fabrega said that of the four revision issues, he has found the least resistance on the part of the United States toward the return of lands and waters not needed for the operation of the canal.

Reviewing the negotiations conducted recently by a joint Panama-United States commission on points of dissatisfaction between the two countries Dr. Fabrega blamed the lack of success of the commission on the "fourth floor" of the U.S. State Department. This, he said, is where U.S. policy toward Latin America is handled. Fabrega said the "bureaucratic clique" that runs this section of the State Department has more power than the White House and the Congress because it "delutes" policy directives that come from the White House and the State Department.

On the question of revision—of the 1903 treaty, Fabrega said Panama's position is justified because the conditions which brought about that treaty have changed radically. The canal, he pointed out, no longer is a military adjunct but a commercial enterprise. It might have been justified to ask Panama to sacrifice itself for the sake of the common defense while

the canal was purely a defense artery, but now that it has become a commercial enterprise there is no justification for a powerful nation to profit from this country's biggest natural resource: its geographical position, Dr. Fabrega declared.

He cautioned, however, that the treaty question should not be a banner for agitation on the Panama or United States side. As much harm to the cause of good relations is done by Panamanians who call for immediate nationalization of the waterway, he said, as by Canal Zone residents who argue that Panama is not entitled to benefits from the canal because had the United States not built the waterway this country would still be ridden by yellow fever.

But Dr. Fabrega insisted that the longer the revision issue is put off the bigger the risk that "grave situations" will develop which may not be subject to settlement, as in 1959, except by force.

Meanwhile, Dr. Arias, in his first formal campaign statement, said that Panama-United States relations should not be the subject of "street demagoguery or electoral opportunity."

He added: "It is a most grave mistake, for the Panamanian Nation, for the American Hemisphere, and even for the West, for the canal affairs and its feasible good-faith solutions be unscrupulously turned into carnival banners. All the more so, when those who are so acting seek not to be patriotically true to Panama, but to submerge in the canal waters the accumulation of ineptitudes, grafts, and squanderings of moneys during 4 years sadly wasted away. Four years of unfulfilled pledges; of successive and evident failures which have crowned, both on the national and the international planes, the record of the present administration."

Arias said political groups which have no popular support "do not hesitate to take recourse to the overused canal argument, trying in vain to put on the present Panama-North American contractual relationships the blame for responsibilities which are wholly attributable to the present administration."

He warned that this "anti-Yankee" campaign opens the door to subversive agents of Castro communism and Soviet imperialism.

"We say responsibly," Dr. Arias declared, "that with the resources available from the stipulations of the treaty in force with the United States over the Canal Zone—although this does not imply permanent acceptance on our part of the present status—Panama has been in a magnificent position to face and resolve most of its chronic national and social problems. Conversely, these problems have become considerably more acute since 1951, although, once in a while, the administrations in power have resorted to the familiar argument of monetary demands to the White House" (1951 was the year in which Dr. Arias was overthrown for the second time).

Dr. Arias' statement said the Panamanian people are fed up with "the canal tale."

"From 1951 on," he said, "there has been a lack of overall vision of our problems as fatherland, as nation, and as state. The ruling groups have waged against the United States and Zonians in general resentments which often are justified, but which not always are justly or patriotically set forth. . . . Our future progress will depend on the rational development of our great productive possibilities, beginning with what the canal and our geographic position provide for us economically."

Arias declared that President Kennedy's new Alliance for Progress policy is incompatible with the previous forms of concessions in perpetuity which still prevail in some aspects of Panama-United States relationships over the canal.

"The United States," the former President said, "is, in addition to our partner, our inseparable ally in hemisphere security in the specific understanding that the Panama Canal and the Panamanian people gain in importance as strategic-political objectives for Havana and the Kremlin."

The statement concluded: "Face to face against the dark forces of reaction, whether extremist or oligarchial, the Panameñista Party and Dr. Arnulfo Arias at the forefront as the legitimate spokesman for the ideals of the disillusioned majority of citizens, prepare to wage the decisive battle."

The "decisive battle," of course, is the 1964 presidential election.

[From the Panama American, Oct. 10, 1963]

NEW TREATY BEFORE HARMONY—FABREGA

Former Foreign Minister Dr. Octavio Fabrega said last night the complete revision of the 1903 treaty is the only solution to differences between Panama and the United States.

Speaking before a joint meeting of the the Rotary and Lions Clubs, the former treaty negotiator warned that the longer the revision issue is put off, the greater the risk that "grave situations" will develop which may not be subject to settlement, except by force.

Fabrega told his audience there are four basic points involved in the revision of the canal treaty:

A once-and-for-all definition of the scope of authority, power and control of the United States in the Canal Zone, which has become so Americanized that the United States treats it as part of its territory.

Elimination of the perpetuity feature of the canal concession.

Fair distribution of the canal benefits, which might involve an increase in the transit tolls.

The return to Panama of lands and waters within the Canal Zone which have proved unnecessary for the operation of the waterway.

Fabrega saw justification in Panama's position in regard to the 1903 treaty revision question, pointing out that conditions which led to that treaty have now changed radically.

Emphasizing that the canal was no longer a military adjunct but now a commercial enterprise, Fabrega declared it might have been justified to ask Panama to sacrifice itself for the sake of the common defense while the canal was purely a defense artery.

But now that it has become a commercial enterprise, he said, there is no justification for a powerful nation to profit from Panama's biggest natural resource—its geographical position.

The former Foreign Minister cautioned that the treaty issue should not be used as a banner for agitation on either the Panama or United States side.

As much harm, he warned, is done to the cause of good relations by Panamanians who call for immediate nationalization on the waterway, as by Canal Zone residents who claim that Panama is not entitled to benefits from the canal because the country would still be wracked with yellow fever if the United States had not built the canal.

Fabrega, who was one of the Panama representatives during negotiations carried out recently by a joint Republic of Panama-United States commission on points of dissatisfaction between the two countries, blamed the lack of success of the negotiations on the "bureaucratic clique" of the U.S. State Department.

Fabrega, who said the "clique" was located on the fourth floor of State Department where Latin American policy is handled, charged it was more powerful than the White House and Congress.

[From the Washington Post, Nov. 1, 1963]

UGLY AMERICANS

(By Rowland Evans and Robert Novak)

PANAMA CITY.—If anti-American sentiment in Panama ever reaches the point where it menaces the Panama Canal, Communist propaganda would be only partly to blame. The real culprits would be some strange American policies and the unknown ugly Americans who shaped them.

By the count of one U.S. diplomat, 99 out of every 100 Panamanians believe U.S. canal policy is grossly unfair. Given that beginning, a competent demagog could someday build animosity to the danger point.

Actually, Panamanians have displayed remarkable self-restraint so far, considering the way Uncle Sam forgets about the Alliance for Progress and reverts to big city imperialism here.

Why? Mainly because of inordinate influence wielded by some civilian employees of the canal, who must be ranked among the ugliest Americans anywhere.

The trouble stems from the 1903 treaty that gave the United States the 10-mile-wide Canal Zone under terms so favorable that it seemed a triumph of Yankee trading comparable to the purchase of Manhattan Island.

In fact, it is no such thing. The Panamanian Government of 1903, newly independent from Colombia after a revolution engineered by Teddy Roosevelt, was under Washington's thumb. It's understandable that Panamanians want substantial treaty revision.

Their biggest complaint concerns money. In view of nearly \$60 million revenue produced by the Canal Zone last year and the U.S. defense installations jammed into the Canal Zone, Panama's \$1,930,000 annual share of canal tolls is chicken feed. Panamanians rightly regard their country's unique geographical position as its one great national resource and resent getting short-changed for it.

Questions of prestige are more subtle. Although a sovereign country seldom signs perpetual agreements, the 1903 treaty gives away the Canal Zone forever. Panamanians want a token time limit, perhaps 50 or even 99 years. By then, the canal probably would be abandoned.

The State Department would gladly grant such concessions except for anti-Panama sentiment in Congress. For instance, congressional opposition scuttled a modest concession to let Panama handle its own canal freight.

This congressional intransigence is the handiwork of the Zonians: U.S. residents of the Canal Zone, all canal employees, who operate one of Washington's most effective lobbies by playing on justifiable congressional fears about this vital waterway's security.

Moreover, the Zonians themselves are bad-will ambassadors, more irritating to Panamanians than official U.S. policy. At his worst, the Zonian brags about not understanding a word of Spanish and not crossing into the Republic of Panama for years on end.

That's not all. A U.S. employee of the canal receives 25 percent more pay than a Panamanian in the same job. Because of security, such high-paying jobs as canal pilot (\$19,000 a year) are limited to U.S. citizens, and a U.S. employee gets 10 days more vacation annually than a Panamanian.

Apart from Canal problems, there's plenty to worry about here. Panama has Latin America's typical headaches—shantytown slums (called Hollywood in Panama City), an undeveloped interior, a ruling oligarchy wrapped up in moneymaking and petty politics. Topping this off is dependence on one "crop"—the canal.

Furthermore, Communists recently won student elections at the University of Panama and Communist-infiltrated labor unions are causing trouble on the banana plantations. U.S. Intelligence sources estimate that 200 trained Reds have slipped in from Cuba. If they ever launch a concentrated terror campaign, Panama's 3,000-man national guard would be hard put to contain it.

THE NEED OF A SHEVCHENKO FREEDOM SECTION IN THE LIBRARY OF CONGRESS

Mr. MATSUNAGA. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. DULSKI] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

Mr. DULSKI. Mr. Speaker, on September 21, 1963, historic ground-breaking ceremonies were held in the Capital of our Nation for the Shevchenko memorial statue which will be unveiled next May 30. These ceremonies were unprecedented both in attendance and performance. Close to 3,000 Americans of diverse backgrounds participated in the groundbreaking at the Shevchenko site on P and 23d Streets NW. Washington had not seen such a ground breaking for decades.

MEMORABLE EVENT REPORTED WIDELY

Along with other Members of Congress, it was my privilege to participate in this unforgettable ceremony. The banquet which followed the ground-breaking ceremony overflowed in attendance and cultural presentation. The 1,000 people who attended the function at the Mayflower Hotel witnessed renditions in honor of Taras Shevchenko that also were impressively new and inspirational. The entire memorable event was reported widely, and as part of my remarks, I ask that the following indicative reports in the New York Times, September 21; the Washington Sunday Star, September 22; the Washington Post, September 20, 22; and the Buffalo Evening News, September 17, 19, 23, be printed here:

[From the New York Times, Sept. 21, 1963]

U.S. PAYING TRIBUTE TO UKRAINIAN HERO

WASHINGTON, September 20.—A Ukrainian poet and national hero, hailed by Moscow as a prototype of Communism, will be honored by United States officials tomorrow as an Eastern European freedom fighter.

Congressmen, Government officials, and more than 2,000 Americans of Ukrainian descent will attend groundbreaking ceremonies for a \$250,000 memorial to Taras Shevchenko, who died in 1861.

The ceremonies are expected to produce a sharp reaction in the Soviet press. Moscow has been fighting with Washington over Shevchenko's memory.

A statue of the poet stands in the city of Kiev in the Ukraine. Moscow holds that Shevchenko was a foe of imperialism and a Bolshevik before his time.

In the United States, however, he is portrayed as a 19th-century fighter against Russian tyranny.

In 1960 Congress held hearings on Shevchenko's life and works, and authorized the use of land for the memorial.

Donations from Americans of Ukrainian descent defrayed the cost of erecting the me-

morial, to be executed by Leo Mol, Ukrainian-born sculptor.

[From the Washington (D.C.) Star, Sept. 22, 1963]

PARK IN DISTRICT OF COLUMBIA DEDICATED TO UKRAINIAN POET

Fourteen thousand square feet of Washington soil were dedicated yesterday to the memory of Taras Shevchenko, Ukrainian poet and 19th century fighter for freedom.

The tiny park at 22d, 23d, and P Streets NW., set aside by Congress as a memorial to the Ukrainian patriot, was dedicated in ceremonies attended by some 2,000 persons.

The ceremonies were conducted in English and Ukrainian.

Despite the sounds of an occasional accent, the audience was typically American in dress, in language and in outlook, but for two pretty girls in Ukrainian.

"This statue," said Dr. Lev E. Dobriansky, professor of Soviet economics at Georgetown University, "will be a symbol of their early twenties selling souvenir buttons, conversed easily in freedom for the Ukraine and all the captive nations."

He told briefly of the life of Shevchenko, who died in 1861 at the age of 47 after a life in which he was a serf, a soldier, a prisoner of the Russians and only briefly a free man.

The decision by Congress to provide space for yet another statue in an over-stated city was a minor victory in the cold war, according to information provided by the public relations firm which represents the Shevchenko Memorial Committee of America, Inc. The Russians, according to the firm, have attempted to claim the poet and his writing for their own purposes—hailing him as a Bolshevik who died before his time.

However, the speakers at yesterday's ceremonies made clear that in their opinion Shevchenko had drawn his inspiration from the ideal of the West and particularly the ideals of the American Revolution.

Last night some 700 persons of Ukrainian descent attended a banquet in the Mayflower Hotel in which Shevchenko freedom awards were presented to 4 U.S. Senators, 5 Representatives and 1 former Representative.

Recipients of the awards were Senators Dodd, Democrat, of Connecticut; Javits and Keating, Republicans, of New York; and Scott, Republican, of Pennsylvania; Representatives Dulski, Democrat, of New York; Feighan, Democrat, of Ohio; Jones, Democrat, of Missouri; Lesinski, Democrat, of Michigan; and Madden, Democrat, of Indiana; and former Representative Alvin Bentley, Republican of Michigan.

[From the Washington (D.C.) Post, Sept. 20, 1963]

William Shust, who did so well by "The Egg" at Arena Stage, will join Philadelphia's Kobzar Choir for Saturday night's Ukrainian Congress Committee's banquet following ground breaking of the Shevchenko Memorial, 22d and P Streets NW.

[From the Washington (D.C.) Post, Sept. 22, 1963]

UKRAINIAN POET LAUDED AT CEREMONY

More than 2,000 Americans of Ukrainian descent gathered yesterday at ground-breaking ceremonies for the construction of a \$250,000 memorial to Taras Shevchenko, a 19th century Ukrainian poet and freedom fighter.

The memorial, which will consist of a 14-foot statue of Shevchenko by Leo Mol, a Ukrainian-born sculptor, will be located on a plaza in a small triangular park bounded by 22d, 23d, and P Streets NW.

Shevchenko, who was born in 1814, spent only 9 of the 47 years of his life in freedom. Freed from serfdom in 1838, he was arrested 9 years later for being a member of a radical political society and spent the rest of his

life either in penal exile or under strict police supervision.

In a speech at the groundbreaking ceremony, Senator THOMAS J. DODD, Democrat, of Connecticut, said that Shevchenko "belongs to all mankind. . . . We honor him as a fighter for freedom and as a champion of all the persecuted and oppressed." Dodd added that Shevchenko is regarded by his people with "something of the special reverence that we in America reserve for Thomas Jefferson and George Washington."

Dodd was one of four Senators, five Congressmen, and one former Congressman who received Shevchenko Freedom Awards from the Shevchenko Memorial Committee of America at a banquet after the ceremony.

Representative JOHN LESINSKI, Democrat, of Michigan, another award recipient, said that Shevchenko was "the greatest Ukrainian of his day," and Representative MICHAEL A. FEIGHAN, Democrat, of Ohio, noted that the poet "shared as well as sensed the sufferings of his countrymen under the oppressive yoke of Russian imperialism."

[From the Buffalo (N.Y.) Evening News, Sept. 17, 1963]

DULSKI TO ADDRESS DINNER HONORING UKRAINIAN POET

WASHINGTON, September 17.—Representative DULSKI, of Buffalo, will be main speaker at a banquet here Saturday in connection with ground breaking for the memorial statue to Taras Shevchenko, the Ukrainian poet and freedom fighter.

Erection of the statue in Washington was authorized by Congress in 1960 and Americans of Ukrainian descent have raised over \$250,000 to cover the costs. Sculptor of the statue is Leo Mol, native of Ukraine who now resides in Winnipeg, Canada.

Between 2,000 and 3,000 Americans of Ukrainian descent from throughout the United States are expected to take part in the ground breaking and later attend the banquet.

Mr. Shevchenko was born in 1814 in serfdom, gained freedom and risked prison and exile to fight for individual liberty from serfdom and for Ukrainian independence from Russian imperialist rule. He died in 1861.

[From the Buffalo (N.Y.) Evening News, Sept. 19, 1963]

DULSKI TO RECEIVE UKRAINIAN AWARD

WASHINGTON, September 19.—Representative DULSKI, of Buffalo, and Senators JAVITS and KEATING, of New York, are among nine Members of Congress who will be honored by Americans of Ukrainian descent on Saturday.

Mr. DULSKI is main speaker at the banquet in connection with the ground breaking for the memorial statue here to the Ukrainian poet and national hero, Taras Shevchenko.

The legislators will be presented Shevchenko Freedom Awards given jointly by the Shevchenko Memorial Committee and the Ukrainian Congress Committee of America.

[From the Buffalo (N.Y.) Evening News, Sept. 23, 1963]

DULSKI PROPOSES LIBRARY IN HONOR OF UKRAINIAN POET

WASHINGTON, September 23.—Representative DULSKI, of Buffalo, has urged that a Taras Shevchenko Library be established at the Library of Congress as an additional tribute to the Ukrainian poet and national hero.

Mr. DULSKI made his proposal as he addressed a banquet here Saturday in connection with ground breaking ceremonies for the Shevchenko memorial statue, authorized by Congress in 1960. Americans of Ukrainian descent have raised more than \$250,000 to finance the memorial.

RICH AMERICAN CONTRIBUTION

These events and the forthcoming unveiling of Shevchenko's statue represent

a rich contribution to our American knowledge and understanding of the powerful forces for freedom in Eastern Europe and thus for the world. Our leaders, such as President Kennedy, former President Eisenhower, Members of Congress, and numerous other officials have in various ways acknowledged this contribution on the part of 2½ million Americans of Ukrainian background. The contribution brilliantly reflects the interests of all Americans who seek the liberation and freedom not only of Ukraine but of all the captive nations. Calculated slurs against the constructive efforts of imagined minorities and tiny groups are expressions of arrogant ignorance for which there is no room in our tradition.

THE COUNTERPART OF IGNORANCE IN THE
U.S.S.R.

Arrogant ignorance by a few in this country as concerns the freedom stature and universal significance of Shevchenko has its ready counterpart in the distortions that have poured out of the Soviet Union since the 86th Congress took the initiative on this vital project. There can be no doubt that we successfully blunted the propaganda scheme of Moscow to exploit the Shevchenko symbol for its own colonial ends. For the edification of some, I request that these samples be printed at this point in the RECORD:

The American-German forgers of the works of Shevchenko and their hirelings, the Ukrainian bourgeois nationalists, are trying to prove the allegation that the great Ukrainian poet was a nationalist who condemned the union of Ukraine with Russia and denounced Bohdan Khmelnytsky. This is a shameless lie and a dirty slander on the ardent champion of friendship between the two brotherly nations.

The Ukrainian bourgeois nationalists, who are kept by the imperialists of the United States, are trying to prove that Shevchenko allegedly wished to see Ukraine after the pattern of the United States. To prove this, they cite his poem, "Yurodyv," ("God's Fool") in which the poet wrote:

"Ah, you miserable
And cursed crew, when will you breathe
your last?
When shall we get ourselves a Washington
To promulgate his new and righteous law?
But some day we shall surely find the
man!"

In these words Shevchenko contrasted the reactionary, rotten, autocratic order of serfdom with the political order defended by George Washington. Today all the righteous laws in the United States have been buried; there exists a reign of the most highhanded reactionary social forces, a ruthless enslavement of the workers, and racial and national discrimination. The American reactionaries and their hirelings, the Ukrainian bourgeois nationalists, will never succeed in turning the poet-revolutionary into a partisan of the American bourgeois order. (D. Ostrianyn, *Komunist Ukrainy*, Feb. 2, 1961, Kiev.)

The clear meaning of his (Shevchenko's) poems has been distorted by Ukrainian bourgeois nationalists in order to make Shevchenko out to be an enemy of Russia rather than of Russian autocracy. The poet drew a clear distinction between the two Russias—one reactionary, the other progressive and revolutionary. He never joined the nationalists, thoroughly cognizant of the fact that the Ukrainian people could win national lib-

eration only with the overthrow of the autocracy, and for this the union of all of Russia's progressive forces was necessary. (Yevgeni Kiriliuk, *U.S.S.R. magazine*, January 1961, Soviet Embassy, Washington, D.C.)

The peoples of the Soviet Union, and with them all progressive mankind, are getting ready for a worthy observance of the immortal memory of the genius lover of freedom. * * * But our enemies are not asleep. The American imperialists, relying on those docile servants * * * the Ukrainian nationalists * * * are planning to take advantage of the 100th anniversary for the monstrous, disgusting, and provocative purpose of slandering the homeland of Shevchenko, Soviet Ukraine, and our people with a flood of anti-Soviet insults, provocations, muck, lies, and distortions.

The nationalist scribes, of the breed of Zaitsev, Dontsov, and Dobriansky, are displaying an extraordinary adroitness in the matter of falsifying Shevchenko, and the blasphemous distortion of his works, attempting to present our great poet as some kind of advocate of the modern "American way of life."

This is the purpose of the brochure, "Europe's Freedom Fighter: Taras Shevchenko, 1814-61," published as official matter of the U.S. Congress.

The peoples of the world will firmly slap the dirty hands of the American politicians and nationalist Judases who are trying to besmirch the bright acme of pure human spirit, the spirit of truth and freedom, the spirit of goodness and anger, the spirit of generosity and eternity, the spirit, image, and word of Shevchenko. A great role in this noble act of defending the temple of mankind for the bourgeois speculators and blasphemers will be played by Soviet writers and literary experts. This is a fight, together with Shevchenko, against man-hating ideology of imperialism and nationalism. his is a fight which also exposes the deceit and falsehood of all talk of peaceful coexistence of two ideologies. (Mykola Bazhan, *Literaturna Ukraina*, Apr. 16, 1963, Kiev.)

THE MEANING OF SHEVCHENKO FOR THE UNITED STATES

Mr. Speaker, at the ground-breaking event and after, many addresses and articles have been presented on the meaning of this project for us Americans in the current, titanic struggle with Soviet Russian imperio colonialism. At this time I should like to append as part of my remarks those made by our distinguished colleague, the Honorable JOHN LESINSKI, on the occasion of the Shevchenko ground-breaking ceremony. Mr. LESINSKI was responsible for the publication of House Document No. 445—"Europe's Freedom Fighter, Taras Shevchenko, 1814-61"—a valuable documentary biography of Ukraine's poet laureate and national hero. Also, I request that immediately thereafter the moving article written by Dr. Frederick Brown Harris under its original title "Wanted—Another Washington" be printed as part of my remarks. Dr. Harris' perceptive article appeared in the October 13 issue of the Sunday Star and in other papers:

REMARKS BY HONORABLE JOHN LESINSKI, U.S. REPRESENTATIVE FROM MICHIGAN, AT GROUND-BREAKING CEREMONIES FOR THE SHEVCHENKO MEMORIAL STATUE, SATURDAY, SEPTEMBER 21, 1963

Ladies and gentlemen, I deem it an honor and a privilege to join with you this afternoon in saluting Europe's freedom fighter, Taras Shevchenko.

It was also my privilege to participate in obtaining approval of the U.S. Congress of the resolution authorizing the placing of

Shevchenko's statue in this great city of Washington toward which the world today looks as the symbol of freedom and democracy.

Taras Shevchenko was the greatest Ukrainian in his day, and one of the most famous in modern history of the Ukrainian people. He was distinguished as a man of letters, an eminent poet, and a fervent patriot of unblemished character. But more than that, he was a voice crying for freedom from the dark depths of slavery and serfdom. During his lifetime, the Ukrainian people were almost as severely oppressed by the Czarist Russian regime as they are today under the Russian Communists in the Kremlin. Today, as 45 million Ukrainians enslaved by the Russian Communists work unceasingly to obtain their freedom, they look to Taras Shevchenko as the symbol of true liberty and take inspiration and incentive from his life and works.

As we pay tribute to Shevchenko today, we remind the people of the Ukraine that we have not forgotten their unfortunate plight. And in so doing, we give hope and comfort to the people in the other captive nations who suffer the same fate of enslavement by Communist masters. While the winds of the cold war seemingly are becoming warm, we must constantly remember these unfortunate people and not let ourselves be deluded by empty promises and false hopes. As I mentioned during the observances of the Captive Nations Week, if the Kremlin masters truly seek peace in the world let them give the people of the Ukraine and the other captive nations their freedom to live under governments of their choice.

Tyranny and oppression can never still the desire for liberty nor can they silence a ringing voice of freedom, for so long as that desire for human liberty, a better life and the brotherhood of man remains alive and strong in the hearts of free people throughout the world, such voices will be heard through the years, as has been Shevchenko's. So that in dedicating this monument to Shevchenko, we give added volume to the voice of freedom.

I am pleased to have been able to participate with you this afternoon honoring this great patriot.

[From the Washington (D.C.) Star, Oct. 13, 1963]

SPIRES OF THE SPIRIT—ANOTHER WASHINGTON
(By Dr. Frederick Brown Harris, Chaplain of the U.S. Senate)

An outstanding Ukrainian poet who was a contemporary of Abraham Lincoln published a want ad that resounds across a hundred years. He died just after the man who saved the Union entered the White House to face black days. His name is Taras Shevchenko. His was, and is, the enduring voice of his valiant land in its age-long struggle for freedom. During his lifetime, most of which was spent in the slavery of serfdom, the Ukraine was bound by the shackles of Czarist tyranny. Shevchenko, in his inspired poetry, helped mightily to keep alive the dream of an independent Ukraine.

With volcanic anger, defying the Russian handcuffs, his eyes were riveted with hope upon the American rebels who had revolted against the unjust exactions of a royal master and by their victory inspired all who longed to breathe free. Against her oppressors Taras Shevchenko poured hot words that still roll like molten lava. Recalling hopefully the rebellion under the calm leader from Mount Vernon had brought to pass, he cried out—

"Ah, you miserable and cursed crew,
When will you breathe your last?
When shall we get ourselves a Washington
To promulgate his new and righteous law—
But, some day we shall surely find the
man."

Had the brave heart in the middle of the 19th century who penned those eloquent words known that in the middle of the 20th century even greater slavery than he had envisioned would fall upon his valiant land, as the ruthless Kremlin masters of deceit squeezed out for their own gain the very life blood of his noble people, who can doubt that Shevchenko would turn in burning wrath upon the modern descendants of Genghis Khan? Who can doubt that he would hurl at the most sinister conspiracy against human decency ever to plot for the domination of the planet the phrase he coined so long ago—"You miserable and cursed crew." And, who can question that he would hail the one free world power which has pledged its moral and material might that instead of bestriding the earth, the time will come on God's calendar when the Ukraine prophecy will come to pass and the vile tyranny will breathe its last—an inevitable day when the anguished query, "When shall we get ourselves a Washington?" will be answered as it becomes clear to all the earth that the Red tide is not the wave of the future.

A pledge already broadcast around the planet, that the flame of Shevchenko's faith will be kept blazing, is about to be reiterated in the form of a statue in Washington, Capital of the free world. In this city splendid a prominent site has been assigned for that purpose by the United States. It is a grassy plot, appropriately in close proximity to the worshipful tower and spire of a stately Christian church. There will rise in the months just ahead the sculptured likeness of this fiery patriot of freedom. Costing more than a quarter of a million dollars it is to be a gift of prophetic faith by Ukrainian Americans. The 86th Congress acted in the spirit of George Washington when it gave the green light for this project in spite of the bitter denunciation of today's despots, who have the unbelievable audacity to suggest that if the Ukrainian poet were living today he would join the marauders who mowed down the innocents in the streets of Budapest.

At the recent groundbreaking ceremony 2,000 people crowded the available open-air space to listen rapturously as some of the poet's winged words were recited and prayers offered, and messages brought by American leaders of the Ukrainian cause, representatives of the national churches whose fires of faith are kept burning in millions of lives in this land of the free and also by educators and U.S. Government officials. The joyous burden of all the utterances of that high hour was a Jubilate that here was to be erected a spire of the spirit tall enough to be seen by the whole world.

For the years to come this statue will be an altar of intercession for the emancipation of all the captive nations. It will be an impressive proclamation that America writes across the present fetters which now keep the nations of Europe from their own right of self-determination, the stern judgment, "temporary status." This statue will publish the fact that America is well aware that the U.S.S.R. is not a nation, but a colonial empire claiming sovereignty over non-Russians numbering more millions than there are Russians, including the Ukraine, an area greater than Poland and Yugoslavia combined. Today's attempt at accommodation with the free world and the lessening of tensions, can never erase the memory of atrocities heaped upon this land and the ringing of liberty bells following the revolution of 1917.

This significant addition to the monuments of this monumental city, where everything is in view of all America, will be a witness to the Republic's refusal to be deceived by the double talk of Communist jargon as it prostitutes even words to say one thing

with a meaning just the opposite. The statue will point to the greatest historic hoax of all times as the Red regime flays the almost-dead body of Western colonialism while it plots to take over the world in the vastest and vilest colonial empire ever conceived. The statue will tell the truth regarding Soviet colonialism which makes its pious denunciations of the often-benevolent Western brand give an air of utter unreality to the United Nations. The lines of this monument, erected to one in whose heart the love of freedom flamed in an enslaved land, will go out to all the earth as millions come reverently to a spot henceforth forever sacred to lift a prayer that this torn and tortured world may be delivered from the abomination of abominations. Its unveiling this coming May will be the signal for a march on Washington by tens of thousands who, loving freedom and hating tyranny, and remembering their honored poet's ardent hope for another Washington, will cry with glad and grateful hearts—Shevchenko, we are here.

A MONUMENT AGAINST IGNORANCE

The Shevchenko statue will in every respect be a tower of progressive knowledge for many of our citizens; it will be a monument against ignorance regarding the U.S.S.R., Soviet Russian imperialism, the patriotic freedom forces of Eastern Europe, and the universal importance of the poet, Shevchenko. One newspaper has recently demonstrated in its erratic editorials a profound lack of knowledge concerning this all-important subject. Furthermore, it has acutely limited the publication of replies to its abusive charges. Representative of replies to these editorials is the one submitted by Dr. Lev E. Dobriansky, of Georgetown University, which was deleted in parts and which I quote in full as follows:

OCTOBER 19, 1963.

LETTER TO THE EDITOR OF THE WASHINGTON POST:

I trust you will afford me the same fair opportunity of replying to your October 18 editorial on "The Shevchenko Affair" as you did in July 1959, concerning an editorial on the Captive Nations Week resolution. Your opposition then was based on a medley of factual inaccuracies; bearing the same trait, your present opposition to the Shevchenko statue sounds almost desperately vindictive and, to say the least, is unbecoming to an organ of your reputation.

Two questions immediately arise after reading this misleading piece. One, why this editorial at this time? Second, how expert have your writers become on this project in the span of 3 weeks? The factual answers to these questions are sufficient to indicate the degree of editorial irresponsibility reflected in this self-indicting performance.

It is very easy to pontificate and hide behind juggled words after a given event. But where were your sheltered writers these past 3 years while the subject was widely reported and discussed in this country and in the Soviet Union? The New York Herald Tribune, the Evening Star, the Chicago Tribune, and many other papers satisfactorily covered the subject in 1960; and, as in the case of the Captive Nations Week resolution, for a period of 7 months the organs of Moscow and puppet Kiev registered a malicious opposition similar to yours now. In fact, it appears that your own writers don't bother to read the Post itself. Reports on the project and the open congressional hearing were published on April 2 and September 14, 1960; March 7, 1961; October 18 and 26, 1962. Where were your interest and comments then? If the element of dictated pressure has characterized anything, it certainly has this contradictory editorial.

As to the second question, it is actually amusing to compare this editorial with the one on "Poetic Injustice" that appeared in your September 23 issue. In the latter, the 3-week experts start out in this vein:

"We yield to no one in our esteem for the Ukraine and that country's poet and hero, Taras Shevchenko." They even admit that "we have never read a line of Mr. Shevchenko's verse." Three weeks later the reader is fed the supposedly studied and quite absurd conclusion that a "statue of Shevchenko would be a monument to disunity and recrimination among Americans." Earlier, Shevchenko was a "country's poet and hero"; now, he's "the pet of a small minority." With such capricious thinking, one can well imagine the abusive interpretations they've formed by references to his poetry out of historical context. Shevchenko scholars in the United States and Canada have devoted lifetimes to the historic works of this immortal freedom fighter; your writers, with brazen self-contradiction, have rendered their expert judgment—all distilled in 3 weeks.

If there is anything "offensive in various ways" to the intelligence of our American people and to their unity against the Soviet Russian threat, it is this brand of irresponsible editorializing. Your fictitious points on some "errant private passion" of certain Americans, the "misguided and careless reception" by Congress, and other specimens of groundless rhetoric not only violate available facts but have been openly exploded while your editorial writers slept these past 3 years. Solid reasons for the statue are clearly set forth and explained in House Document 445, which was circulated throughout the country and inspired worthy contributions for the statue from Americans of all backgrounds. What did you do with your copy 2 years ago?

On how to fight communism, the record of your notions is scarcely an enviable one. Taking just the two issues mentioned here, it is most revealing how, in fact, your protests have coincided with Moscow's. The reasons, of course, are different. Moscow is fearful of any outside support given to the powerful force of nationalism among its captive non-Russian nations in the U.S.S.R.; you've been too blind to understand this.

Thank God we have countless Americans who do. As just one among numerous examples, you might profit from reading Dr. Frederick Brown Harris' recent column in the October 13 Sunday Star, wherein he states: "For the years to come this statue will be an altar of intercession for the emancipation of all the captive nations. . . . This statue will publish the fact that America is well aware that the U.S.S.R. is not a nation, but a colonial empire claiming sovereignty over non-Russians numbering more millions than there are Russians . . ." The statue is obviously not for those who would appease Moscow by burying or distorting truths which are essential to our own national interest. In its wisdom Congress has recognized this; let us hope that in time and beyond consistent error you will, too.

LEV E. DOBRIANSKY.

RESOLUTION FOR A SHEVCHENKO FREEDOM LIBRARY

Mr. Speaker, in view of the growing and intense interest in the works of Shevchenko and the universal significance of the poet himself, we can perform a most valuable educational service in the national interest by establishing in the Library of Congress a section to be known as the Shevchenko Freedom Library. This section would contain all the essential works devoted to the struggles and aspirations of

Shevchenko's Ukraine and other captive non-Russian nations for freedom and independence. Such a concentrated library would greatly satisfy and advance the interest and knowledge of all Americans who have been inspired by what has developed since Congress authorized the statue in 1960; it would be a treasure of literary riches that base the President's own observation on Shevchenko:

His work is a noble part of our historical heritage.

For these purposes and in our national interest—which is the interest of world freedom—I submit this joint resolution to establish a section to be known as the Shevchenko Freedom Library in the Library of Congress:

H.J. RES. —

Whereas in March 1961, President Kennedy declared: "I am pleased to add my voice to those honoring the great Ukrainian Poet Taras Shevchenko. We honor him for his rich contribution to the culture not only of Ukraine, which he loved so well and described so eloquently, but of the world. His work is a noble part of our historical heritage"; and

Whereas in March 1963, the President paid fitting tribute to the world-renowned Shevchenko Scientific Society in these words: "My congratulations on the 90th anniversary of the Shevchenko Scientific Society, and on your sustained program for support for distinguished scholarship. Among your members have been some of the great names in learning to whom the world owes an incalculable debt. May you continue to extend the frontiers of human knowledge in the years ahead"; and

Whereas in September 1960, President Eisenhower approved and signed a resolution of Congress providing for the establishment of a lasting memorial to Shevchenko's works in behalf of world freedom and justice; and

Whereas, with understanding and vision, the Eighty-sixth Congress of the United States honored this outstanding freedom light by authorizing the erection of a Shevchenko statue on public grounds in the District of Columbia; and

Whereas the initiative of Congress successfully nullified the exploitation of Shevchenko as an historic symbol by both Moscow and its colonial puppets, and the vehement attacks of the latter against these farseeing acts have clearly proven the wisdom of the United States Government in properly claiming Shevchenko as a towering beacon in the march of freedom; and

Whereas for our times and struggles the universal significance of this revered poet and national hero was permanently established in a galaxy punctuated by other luminaries of freedom, such as his contemporaries Abraham Lincoln, the Italian Mazzini, the Pole Mickiewicz, the Hungarian Petöfi and others from different nations and soils; and

Whereas for our time and beyond the supreme importance of Shevchenko's works rests in his early and heroic opposition to traditional Russian imperio-colonialism and in his courageous advocacy of the freedom of all captive nations in the Russian Empire, including the freedom of Jews and all peoples in bondage of suppression and slavery; and

Whereas our expanding American interest in the classic contributions of Shevchenko and their universal import can only receive full educational satisfaction by an accessible concentration of his voluminous works and all related studies at a facility of national convenience: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That a section in the Library of Congress be established and appropriately designated as the Shevchenko Freedom Library. This library section shall contain all the works written by Taras Shevchenko, both in the original and translations, and all volumes related to his immortal contributions and contents therein. The establishment of this section shall be effected with the expert cooperation of the Shevchenko Scientific Society. Appropriations shall be made for the accomplishment of these purposes.

A TRIBUTE TO AMERICAN SUBMARINE OFFICERS AND MEN

Mr. HECHLER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. HECHLER. Mr. Speaker, the Chief of Naval Operations conference room in the Pentagon this morning was the scene of a very moving and impressive ceremony.

Several weeks ago I received a letter from Mrs. Ollie (Martha) Saunders, of Huntington and Verdunville, W. Va., describing her feelings on watching the newscasts of the loss of the submarine *Thresher*. Mrs. Saunders was impelled to do something to honor the memory of the men lost on the *Thresher*, and also to pay tribute to all others who had sacrificed their lives at sea. She started to hand-crochet a huge American flag. When the flag was completed, she brought it to Washington to present it to the Navy to honor the memory of these brave men.

This morning, Mrs. Saunders, accompanied by members of her family, presented her crocheted flag, and it was received by Vice Adm. Lawson P. Ramage, Deputy Chief of Naval Operations in Charge of Fleet Operations and Readiness.

Under unanimous consent, Mr. Speaker, I ask that the substance of the remarks delivered at this ceremony be printed in the RECORD:

Representative KEN HECHLER. Admiral Ramage, and distinguished guests, as a Member of the House of Representatives, I take great pride in presenting to you Mrs. Ollie Saunders, of Huntington and Verdunville, W. Va.

Mrs. Saunders is the wife of Rev. Ollie Saunders, of the Verdunville Baptist Church, who would be here with us today were it not for the fact that he is in the hospital in Logan.

Here assembled are many members of the Saunders family, gathered to share in commemorating those dedicated men who served our country on the submarine *Thresher*. With us today is Mrs. Saunders' son, Homer Saunders, of Huntington, W. Va., who served in the U.S. Navy in World War II; Mrs. J. W. Casto, of Covington, Va., a daughter of Mrs. Saunders who worked for the Navy during World War II; Mr. Carl Little, Mrs. Saunders' son-in-law, who works in Huntington, W. Va., had four brothers in the U.S. Navy, two of whom were killed in

action; and two of Mrs. Saunders' grandsons, Don Saunders, age 10, and Greg Casto, age 8½.

Admiral Ramage, you as a winner of the Medal of Honor know personally better than most of us the true meaning of the words "duty" and "sacrifice." You know full well the risks it takes to serve in line of duty on a submarine.

The year 1963 is the centennial year of West Virginia's admittance to the Union. We in West Virginia know and appreciate also the meaning of the word sacrifice, because West Virginia is up at the top of the list when it comes to war volunteers and men who have been killed and wounded in wars in defense of the United States of America.

Mrs. Saunders is a true West Virginian who understands dedicated service, and who has captured the spirit of the men who served on the submarine *Thresher*. She has with the loving effort of many hours of work crocheted this American flag, inspired by the news of the dedicated sacrifice of the men on the *Thresher*. There was a prayer in every stitch of this crocheted flag.

Admiral Ramage, I am honored to present to you Mrs. Ollie Saunders, of Huntington and Verdunville, W. Va.

Mrs. OLLIE (MARTHA) SAUNDERS. Admiral Ramage, I present to you this 50-star American flag in commemoration of the 129 brave men who lost their lives on the submarine *Thresher* and all who have lost their lives at sea, and also on behalf of all the men now in the U.S. Navy who are helping preserve peace in the world.

Vice Adm. LAWSON P. RAMAGE. Mrs. Saunders, on behalf of the Secretary of the Navy, and most especially the families of the men on the *Thresher* and all others in the Navy, we express our heartfelt appreciation for this wonderful flag. We appreciate the time, the effort, and your prayers which have all gone into the crocheting of this flag.

It is a great honor to have assembled here today many outstanding submarine officers of the Navy. This flag which you have presented to us will be placed in a special section devoted to the *Thresher* in the Naval History Display Center at the Navy Yard. It will stand there as a tribute to those great and gallant men who have gone down to the sea in ships and on ships.

All of us in the Navy will ever value this as a symbol of the love, affection, and abiding faith which we hold for our brave men of the Navy.

THE PRESIDENTIAL MEMORIAL CERTIFICATE

Mr. LIBONATI. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. LIBONATI. Mr. Speaker, again I rise, as earlier this year, to respond to the murmurs of criticism which I have heard in recent weeks, aimed at the present President of the United States—a disabled veteran of World War II—who it is claimed is trying to reap political advantage not only from his status as a veteran but also in sending to the family, a next of kin of a deceased veteran—the Presidential Memorial Certificate. It is fitting that I reiterate the statements given in my earlier address and include also such comment upon recent

developments—critical of the issuance of the certificate.

There seems to be building up a resentment against the status of the President as a disabled veteran, his deep interest in veterans' affairs, and his feeling of closeness to our former fighting men and their families.

There seems to be implied in this undercurrent of carping a strange theory that somehow the President is making political capital of his veteran's status and his interest in their affairs.

This sniping reminds me of the sniping on the great battlefields of World War I. It was always the courageous fellow advancing in front of all the other soldiers who drew the heaviest enemy fire.

This seems to be happening now to the President.

Now it is undeniable that he is a veteran, and—a disabled veteran—others have called him a war hero. But never has he himself referred to his combat record as anything but that of a citizen doing his best, the same way most veterans regard their wartime contribution.

As evidence to support this outlandish political theory, it is pointed out that President Kennedy participated personally in the 1961 Veterans' Day ceremony at Arlington National Cemetery; that he has seen fit to honor the memory of deceased veterans by issuing a memorial certificate to the next of kin; that he twice proposed that Congress increase the compensation rates of the service-connected; that, following enactment of this increase, the veteran received a notice with his check stating "President Kennedy has signed a law"—that veterans were similarly reminded of the President's role in the acceleration of insurance dividend checks.

It is undeniably true that President Kennedy has felt deeply his kinship with veterans. He was the first President to play an active part in the national observance of Veterans' Day. Not since 1954, when this holiday was so named, did a Chief Executive personally participate in the ceremony as he did in 1961.

Mr. Speaker, I honor the President for his personal participation in the Veterans' Day ceremony at Arlington National Cemetery, for by doing so he is relating service to one's country with the history of our Nation, with our national character, purposes, and present-day problems. This is a most fitting, a most proper usage of the prestige and power of the head of state.

I would say that his leadership of the national ceremonies did much to lift this great day of dedication out of the obscurity and apathy into which it had declined.

I would say that it is absurd to grumble and to point out that President Kennedy's predecessor did not do likewise.

Likewise, it is absurd to look behind the President's issuance of a memorial certificate for a political motive. This

is a decent, thoughtful, human act. I am appalled to hear it referred to as a "politically inspired action."

The critics also mutter darkly about inserts mailed out with insurance dividend and compensation checks. The facts are simple. The insert used with the regular 1961 Government life insurance dividend said that the payment was "part of the President's program." This was done to clearly call attention to the fact that it was an advance payment made on the assumption that policy premiums would be continued for the entire year, or else an overpayment would take place. It was the first time dividends had ever been paid in advance. Normally, they are paid over an entire year at the anniversary date of each individual policy. At the time, the press was full of news about the President's program to advance the economy and of the part to be played by paying GI dividends ahead of time. Therefore, this wording was used to identify the checks, and so prevent needless, delaying queries from individuals.

Similarly, a notice went out with payment of service-connected compensation checks of October 1962, following enactment of the law which provided for an increase in the service-connected compensation rates. The purpose was to explain that the veteran's check was augmented by a 3-month retroactive increase, and to forestall a deluge of telephone calls, letters, and personal visits inquiring about the extra amount.

Again, press attention at the time had focused on the President's action in signing the compensation increase, a measure he had twice urged Congress to pass. The VA so identified the check. In effect, it was simply a quick, easily understood method of saying "this is the compensation increase you have been reading about in the newspapers."

The criticism of these inserts seems to be based on an unusual theory of the President's freedom of speech.

It is permissible, so this theory goes, for the President to talk to the American people on radio or television. He may also deliver a speech, address, or remark in person. It is acceptable for him to give interviews and be quoted extensively in newspapers, magazines, or books—both hard cover and paperback. The President may also direct a message to the public via posters or signs.

However, if a Presidential message—or even bare mention of his name or office finds its way into envelopes that are mailed to individuals or groups, then complaints are heard about "political motivation and partisan machinations."

May I add that the use of the name of the President of the United States in announcing actions of the Federal Government is common practice. The President, after all, is the Chief Executive. Illustrative of this practice is the enclosed announcement to all Federal civilian employees. It mentions a new low-cost group life insurance plan "developed as a part of the program of this admin-

istration." It bears the personal signature of President Eisenhower:

GROUP LIFE INSURANCE FOR FEDERAL CIVILIAN EMPLOYEES

THE WHITE HOUSE,

Washington, D.C., August 17, 1954.

To Federal Civilian Employees:

As a result of favorable action by Congress, we are now able to provide the benefits of low-cost group life insurance to Federal employees. The proposal to provide this protection to employees through private insurance companies, with Government assuming a portion of the cost, was developed as a part of the program of this administration to improve the Government's personnel system.

I urge all eligible employees to give serious consideration to this worthwhile program which will help provide economic security for their families.

DWIGHT D. EISENHOWER.

THE PLAN AT A GLANCE

What are the benefits?

Life insurance at low cost without requiring a medical examination.

Payment of double indemnity for accidental death.

Payment for accidental loss of one or more limbs or eyesight (dismemberment).

Life insurance after retirement at no cost to you.

Free insurance if you are 65 years of age or older.

Am I eligible?

Yes, unless you (1) are a noncitizen employed overseas, or (2) fall within the small group of employees excluded because of the nature and type of employment, such as part time, seasonal, or intermittent employment.

Who pays for the insurance?

You pay 25 cents per \$1,000 of insurance each biweekly pay period by payroll deduction until you reach age 65. If you are paid on other than a biweekly basis, the cost is proportionate. (See table following.)

The Government helps to pay the cost of this insurance by contributing half as much as you do.

How do I become insured?

If eligible, you will be automatically insured unless you fill out standard form 53 (waiver of life insurance coverage) which is available at your personnel office.

For how much will I be insured?

The amount of insurance depends upon your annual basic salary. (See table following.)

You may not choose a lesser or greater amount of insurance.

If you are 65 years of age or older, or when you become age 65, the amount of your insurance will be reduced by 2 percent for each month you are over 65 until a reduction of 75 percent is reached. The remaining 25 percent stays in effect.

Must I name a beneficiary?

No. Your life insurance will be payable in the following order: (1) widow or widower, (2) children, (3) parents, (4) estate, (5) next of kin. Your personnel office will have the proper form for you to use if you wish to change this order or name someone else.

What if I retire?

Your life insurance is provided without further cost, if you retire on an immediate annuity either for disability or after at least 15 years of creditable service, at least 5 years of which are civilian. Your double indemnity and dismemberment protection stops.

What if I leave Government service?

Your life insurance continues in effect 31 days during which you may buy, without a medical examination, an individual life insurance policy at standard rates.

May I cancel my insurance under this plan?

Yes, at any time.

Insurance schedule

If annual basic salary—	Amount of insurance	Amount of deductions per pay period			
		Weekly	Biweekly	Semi-monthly	Monthly
Is not more than—					
\$1,000	\$1,000	\$0.13	\$0.25	\$0.27	\$0.54
\$2,000	2,000	.25	.50	.54	1.08
\$3,000	3,000	.38	.75	.81	1.63
\$4,000	4,000	.50	1.00	1.08	2.17
\$5,000	5,000	.63	1.25	1.35	2.71
\$6,000	6,000	.75	1.50	1.63	3.25
\$7,000	7,000	.88	1.75	1.90	3.79
\$8,000	8,000	1.00	2.00	2.17	4.33
\$9,000	9,000	1.13	2.25	2.44	4.88
\$10,000	10,000	1.25	2.50	2.71	5.42
\$11,000	11,000	1.38	2.75	2.98	5.96
\$12,000	12,000	1.50	3.00	3.25	6.50
\$13,000	13,000	1.63	3.25	3.52	7.04
\$14,000	14,000	1.75	3.50	3.79	7.58
\$15,000	15,000	1.88	3.75	4.06	8.13
\$16,000	16,000	2.00	4.00	4.33	8.67
\$17,000	17,000	2.13	4.25	4.60	9.21
\$18,000	18,000	2.25	4.50	4.88	9.75
\$19,000	19,000	2.38	4.75	5.15	10.29
Is above \$19,000	20,000	2.50	5.00	5.42	10.83

A FINAL WORD ABOUT THIS INSURANCE PLAN

This plan will provide an added measure of family security at low cost. It is, however, term insurance and does not carry cash surrender or loan privileges. You should not look upon this plan as a substitute for regular individual insurance policies purchased through your own insurance agent.

This leaflet outlines the principal features of the plan for your general information only. Each insured employee will receive a certificate outlining in more detail the benefits and terms of this group insurance.

SPECIAL DIVIDEND, 1961

The enclosed check or statement is a special dividend on your Government life insurance policy. This dividend is an extra one being paid in 1961, and represents your share of gains and savings in the insurance fund.

VETERANS' ADMINISTRATION.

Always keep your choice of beneficiary up to date.

(VA form 9-5976 (NR), May 1961.)

NOTICE SENT TO INSURED TO HAVE DIVIDENDS LEFT ON DEPOSIT

The VA is paying ahead of schedule the 1961 dividend on Government life insurance as part of the President's program for advancing the economy. These advance payments are made on the assumption that your premiums will continue to be paid for the remainder of your policy year. If premiums are not so paid, this dividend will constitute a partial overpayment which will become an indebtedness against your insurance.

VETERANS' ADMINISTRATION.

(VA form 9-5974 (NR), February 1961.)

NOTICE

President Kennedy has signed a law increasing service-connected compensation rates for disabled veterans. The increase is included in the enclosed check. This check also includes a retroactive payment equal to a 3-month increase as provided by the new law unless special action is necessary. In that case you will get your adjustment check in the near future.

The table on the back of this notice shows some of the new wartime rates. Compensation based on peacetime service is paid on approximately 80 percent of the amounts shown.

Degree of disability	Old rate of payment	New rate of payment ¹
10 percent	\$19	\$20
20 percent	36	38
30 percent	55	58
40 percent	73	77
50 percent ²	100	107
60 percent ²	120	128
70 percent ²	140	149
80 percent ²	160	170
90 percent ²	179	191
100 percent ²	225	250

¹ The amount payable for all checks received after the first one.

² Veterans disabled 50 percent or more may receive an additional allowance for dependents. The law does not change the amounts paid for dependents.

[U.S. SEAL]

THE UNITED STATES OF AMERICA
HONORS THE MEMORY OF

This certificate is awarded by a grateful nation in recognition of devoted and selfless consecration to the service of our country in the Armed Forces of the United States.

President of the United States.

Mr. Speaker, at the State level in Illinois a certificate of grateful appreciation is issued to each draft board member—signed by the secretary of state, for their patriotic services to the State and Nation.

Mr. Speaker, in view of the foregoing facts, it is not necessary to defend the President against his critics, but rather to apologize to him and to the thousands of widows and children of deceased veterans who have received from the President a memorial certificate honoring the memory of their loved ones. I am appalled to think that partisan politics and mudslinging are being indulged in in an attempt to sully this patriotic program attesting to the gratitude of a grateful nation through its President.

Before presenting the facts about the memorial certificate, I would like to call attention to an article that appeared on the first page of the Houston Chronicle on Thursday, August 1, 1963, entitled "Yes, Adrienne, It Is Indeed a Story—A Big, Big Story."

(By Bill Porterfield)

To the BUREAUCRAT UNKNOWN:

For you it was a routine clerical procedure, repeated, no doubt, thousands of times a year. The checking of records, the printing of the name on a form certificate stamped with the President's signature, the mailing to the widow or the mother. You did it with machine-like precision, and with just about as much feeling as a computer cracking out statistics on birth and death rates.

You didn't wonder or weep over it. No matter.

It arrived at its destination—a tiny house at 4111 Basl in North Side Houston—and performed its magic.

Adrienne Lloyd, 71, took it from the mailbox, noted the White House return address, and opened the envelope with trembling hands. She read the citation:

"THE UNITED STATES OF AMERICA HONORS THE MEMORY OF EARL E. LLOYD

"This certificate is awarded by a grateful nation in recognition of devoted and selfless

consecration to the service of our country in the Armed Forces of the United States.

"JOHN F. KENNEDY."

Earl Lloyd was her husband. He never fired a shot at the enemy, never left his country. He died in Veterans' Administration hospital here 11 years ago, at 60, of natural causes.

But he was Adrienne's bugler boy, her stateside sergeant when she was young and blonde and beautiful and danced the tango at the Khaki Club in Fort Worth. She was touched that, after all these years, the President would remember an ordinary doughboy of 1918.

Her life was once full. But for years now, with her dogs and cat and boarder, it was virtually empty. But this. Wasn't it wonderful?

Adrienne did something she never has done before. She got up her courage and called her newspaper. Would they be interested to know about her late husband's commendation from the President? Would a reporter want to come out and talk with her about it? Or was she wasting the editor's time? Perhaps it was a small thing, but she was so proud. Was it worth a story?

"Profumo, Race Riots." "Communist Threat." "Nuclear Threat." "Overkill." "Buddhist Revolt." "Stocks Rise." "Stocks Fall." "Auto Crash." "Police Brutality." "Lost Dog." "Drowned Child."

Yes, Adrienne, yes.

I am impressed with a program that touches a lonely widow's life with the rich remembrance of things past. I am impressed, too, that a tough-minded editor, awash in a sea of cold facts and hard news, also saw this program as a warm human interest story—one big enough for his front page.

But now, Mr. Speaker, I am depressed to see this program being criticized. I can only conclude that the critics—if they are sincere—simply do not have the facts.

For given the facts, the only criticism that can be leveled against this program is, "Why did not someone think of it sooner?" The fact that President Kennedy began this program is a tribute to his humanity and his sense of identification with people.

The Veterans' Administration assists in this program by identifying the next of kin eligible to receive the certificates. These are mailed from Washington in White House envelopes.

How does the Veterans' Administration actually identify these eligible next of kin?

There are actually three methods:

First, in deaths occurring after March 1962, notices are normally received in one of VA's regional offices, which in turn checks the next of kin from the veteran's records. A certificate is then mailed without any action on the next-of-kin's part.

Second, in deaths occurring before March 1962, a certificate may be issued upon request of the next of kin.

A third method was later developed because of the widespread interest in the President's program, and because of the growing volume of inquiries from relatives of veterans who died before March 1962.

At the White House and at VA offices throughout the country people wanted to know how they could receive a certifi-

cate honoring the memory of their loved ones. The VA decided to let these thousands of widows know how they could apply for a certificate.

How was the VA to do that, however? Take full page advertisements in newspapers? Buy time on radio and television?

It seems to me that the Veterans' Administration showed good sense by doing neither. Instead, it made arrangements with the Treasury Department for a letter and an application card to be inserted with compensation and pension checks mailed to persons receiving death benefits. Such a mailing is being made to next of kin. The mailing is scheduled a few States a month to even out the clerical workload.

This method has the advantage of being directed to those people most likely to be interested; that is, the next of kin of deceased honorably discharged veterans.

In addition, the President of the American Gold Star Mothers, Inc., recently expressed her appreciation for the initiation of the memorial certificate letter, and asked that her entire organization be "blanketed into" the program without waiting to apply via a VA letter in a benefit check.

Mr. Speaker, as so often happens, when a critic is caught off base, he is caught way off base. This is one of those times. Not only has the VA come up with a good idea, they have also come up with an inexpensive idea.

Should VA be deluged with requests for certificates in the form of letters and telephone calls, it would be very costly indeed. Each one would have to be individually checked out to see that the deceased veteran was eligible and that the next of kin was eligible, and so forth. Records would have to be searched, correspondence dictated, and so forth. In all, it would cost about \$2.50 per request.

The method used by the VA relies upon automatic data processing equipment, for the applications are on punchcards. It has the cooperation of the Treasury and Post Office Departments. It eliminates the need for dictation of letters and search of records, and it cuts the cost to 22 cents, versus \$2.50 per application.

Mr. Speaker, I do not wish to take up any more of the Members time in answering the political attacks upon this Presidential Memorial Certificate.

I would only hope that these carping critics could see some of the letters—many of them from their own constituents—that have come to the President and the Administrator of Veterans' Affairs. In all, more than 480,000 certificates have been issued. The favorable response has been overwhelming. The universally expressed sentiment is that this is a document that will be treasured.

Exposed to the genuine and deep appreciation of these widows and children and other next of kin, I am convinced that these critics would see the memorial certificate program as one that should be above politics and political smears. I would hope they would see it as in the best tradition of American gratitude to-

ward those who served, a program that should be continued under all administrations.

WATER SUPPLY AND SEWERAGE DISPOSAL IN URBAN AREAS

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentlewoman from New Jersey [Mrs. DWYER] may extend her remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mrs. DWYER. Mr. Speaker, I have introduced for appropriate reference a bill, H.R. 9078, which is designed to encourage greater cooperation and efficiency in the planning and construction of community water systems and to improve the adequacy of water and sewerage systems in urban areas. It would amend the National Housing Act in several important respects, and in view of the severe drought which recently plagued many parts of the country, including my own State of New Jersey, I would urge upon our colleagues the importance of taking constructive action along these and other lines to strengthen our water systems, especially in heavily-populated urban areas.

Title I of this bill would remove the population restrictions upon communities seeking assistance under the public facilities loan program in the case of loans for water and sewerage projects. Currently communities of 50,000 population or more, or communities whose combined population exceeds 50,000 joining together to provide sewer and water facilities on a joint or cooperative basis, are not eligible for such loans. This title would also grant adequate authority to the Housing and Home Finance Administrator to defer, more effectively than at present, the interest payments on public facility loans for projects planned to meet anticipated growth needs.

Title II of the bill would provide that individual or subdivision development housing projects authorizing individual wells and septic tanks be ineligible for FHA or VA insurance or loans in areas where the installation of public or community water and sewerage systems is economically feasible.

The provisions of title III would authorize a program of FHA mortgage insurance for land development costs, including costs of providing adequate community water and sewerage systems. The objective of this additional mortgage insurance coverage would be to stimulate private investment in well-planned and sound land development and to reduce the use of private wells and septic tanks by residential land developers and builders.

The proposed legislation is based on a detailed and well-documented report entitled "Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas," which was adopted last year by the Advisory Commission on Intergovernmental Relations,

of which I am a member representing the House. The Commission directed its attention to the problems of achieving satisfactory water supply and sewerage disposal services in urban areas and the need for adjusting governmental policies and practices to accommodate current and anticipated increases in population and water use in these areas. The Commission focused attention on the problems of inadequate investment, uneconomical water utilities development and fragmented responsibility. Among its findings was the fact that public investment in water and sewer facilities is inadequate, but sewerage treatment and water quality are more pressing problems than water supply and distribution.

Water problems were found to be most critical in the suburbs. It was found that a large part of the difficulty arises from reliance on individual water supply and waste disposal systems. The indiscriminate use of wells and septic tanks encourages urban sprawl, often endangers public health, and rarely provides a permanent solution to the problem of obtaining and disposing of water.

Local communities seeking to provide adequate sewerage and water systems find that they cannot get Federal public facility loans to supplement other sources of financing if the population is over 50,000—or 150,000 in area redevelopment areas. The community also finds that loans are not available when it joins with other communities to build a sewerage or water system serving a total population greater than the prescribed limit, even if its own population and the population of the other cooperating communities are individually within the existing legislative limitation.

The present 50,000 population limitation of the public facility loans program has several major disadvantages with respect to meeting governmental responsibilities for water supply and sewage disposal in metropolitan areas. First, it directly discriminates against communities of 50,000 population or more by not permitting them to receive public facility loans. Second, it encourages fragmentation, duplication, and inadequate long-term facilities by prohibiting bond action under the Federal loan program by a number of communities within a metropolitan area to meet water and sewer needs.

Congress has agreed that the public facility loans program should be used to assist communities to provide public facilities which have growth capacity sufficient to supply the services that will be needed by the increased population of the community in the foreseeable future. At present, the Housing and Home Finance Administrator has authority to postpone repayment of the principal on financial assistance extended under the public facility loans program. Section 501(c) of the Housing Act of 1961 authorized the Housing and Home Finance Administrator to defer payment of interest on 50 percent of a public facility loan for a period of up to 10 years if the loan does not exceed 50 percent of the development cost of the project financed by the loan, and if the Administrator determines that the applicant for the loan

will experience above-average population growth. However, in its present form this deferred interest provision has been inoperable and has not been utilized since it was enacted.

To make the use of this deferment of interest provision feasible and effective, section 202 of the bill I have introduced would remove the present provision that interest can be deferred on only 50 percent of the loan made under the public facility loans program, and would remove the requirement that 50 percent of the development cost of the project be financed by private borrowing or other means. In addition, the requirement that the Housing and Home Finance Administrator find that the applicant will experience "above average" population growth has been modified to require that the applicant will experience "substantial" population growth. Let me emphasize that these amendments would not in any way undermine the financial soundness of the loan. All of the existing requirements and standards in the public facility loan program for approval of loans would remain in full effect. Further, there would be no subsidies or additional costs involved. Any payments that would be deferred would have to be repaid, but over a longer period of time.

The Federal housing program as presently administered goes far toward encouraging provision of service by public or other adequate community water and sewerage systems, wherever such systems are available or economically feasible. In some areas, however, local laws and ordinances do not authorize the construction of public or adequate community systems, though the construction of such systems is made both desirable and economically feasible by the existing or anticipated population. In such circumstances, the Federal housing officials have been unable to assure the provision of public or adequate community water and sewerage systems to properties they insure despite the desirability and economic feasibility of providing such facilities. The enactment of this bill would stimulate the construction of public or adequate community systems, where such systems are economically feasible, by requiring the Federal Housing Commissioner and the Administrator of Veterans' Affairs to refuse assistance to new housing unless such housing will be served by public or adequate community water and sewerage systems.

Under present Federal laws, a builder who takes the trouble to install community water and sewer systems to serve his houses finds that his extra expenses cannot be financed under FHA insured lending. With the anticipated major demand for suburban building sites in the next decade, it is imperative that an adequate supply of satisfactory new building sites be available at reasonable prices to individuals and small builders as well as to site developers. The sites should be supplied with essential utilities and community facilities and be efficiently planned for orderly urban development. They should also be planned and developed in the context of the community or area in which they are situated so as to insure protection of other

neighborhoods in the area and to promote sound and better coordinated community growth. To help stimulate private investment in proper land development and reduce use of private wells and septic tanks, this bill would authorize FHA insurance for site preparation and development, including costs of water and sewer lines and systems.

Although the public facility loan and FHA programs have stimulated the provision of adequate facilities for water supply and sewage disposal in many communities in the past, the limitations I have described prevent their full potential from being realized. The bill I have introduced would remove these limitations. Enactment of this legislation would help greatly to discourage uneconomical and unsatisfactory investment in water and sewerage systems in our growing urban areas. The modification of existing Federal programs to better meet the needs of our growing urban areas should contribute to more coordinated policymaking and economical investment in community water and sewer services and to the more orderly growth of our suburban communities.

The specific objectives embodied in this bill have received the specific endorsement of the American Municipal Association, the U.S. Conference of Mayors and the National Association of Counties.

Under unanimous consent, I include the text of the bill at this point in my remarks:

H.R. 9078

A bill to amend the National Housing Act with respect to water and sewerage facilities and mortgage insurance for land development

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—COMMUNITY FACILITIES

SEC. 101. The last sentence of paragraph (4) of section 202(b) of the Housing Amendments of 1955 is amended by inserting after "project" the following: "(1) for the storage, treatment, purification, or distribution of water, (2) for the provision of sewerage, sewerage treatment, or sewerage facilities, or (3)".

SEC. 102. The second paragraph of section 202(b) is amended to read as follows: "No securities or obligations shall be purchased, and no loans shall be made, including renewals or extensions thereof, which have maturity dates in excess of forty years. Subject to such maximum maturity, the Administrator in his discretion may provide for the postponement of the payment of all or a portion of the interest on financial assistance extended to an applicant under this section for a period up to ten years where it is determined by the Administrator that such applicant will experience substantial population growth and the project would contribute to orderly community development, economy, and efficiency; and any amounts so postponed shall be payable with interest in annual installments during the remaining maturity of such assistance: *Provided*, That in the case of any financial assistance on which payment of all or a portion of the interest is deferred, there shall be pledged for the repayment of one-third of the amount of such assistance the full faith and credit of the municipalities or other political subdivisions to be served by the project for which such financial assistance is provided: *Provided further*, That the guarantee re-

quired by the first proviso in this paragraph shall be in addition to any other security received for the financial assistance extended."

TITLE II—PROVISION OF WATER AND SEWERAGE FACILITIES

SEC. 201. (a) Title II of the National Housing Act is amended by adding at the end thereof a new section as follows:

"Water and sewerage systems"

"SEC. 325. Notwithstanding any other provision of this Act, no mortgage which covers new construction shall be approved for insurance under this Act (except pursuant to a commitment made prior to the date of the enactment of this section) if the mortgaged property includes housing which is not served by a public or adequate community water and sewerage system: *Provided*, That this limitation shall be applicable only to property which is not served by a system approved by the Commissioner pursuant to title X of this Act and which is situated in an area determined by the Commissioner to be an area where the establishment of public or adequate community water and sewerage systems is economically feasible: *Provided further*, That for purposes of this section the Commissioner shall determine the economic feasibility of establishing such public or adequate community water and sewerage systems without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies."

(b) Section 1804 of title 38, United States Code, is amended by adding at the end thereof a new subsection as follows:

"(e) No loan for the purchase or construction of new residential property (other than property served by a water and sewerage system approved by the Federal Housing Commissioner pursuant to title X of the National Housing Act) shall be financed through the assistance of this chapter if such property is not served by a public or adequate community water and sewerage system and is located in an area where the Administrator determines that the establishment of such systems is economically feasible. For purposes of this subsection, the Administrator shall determine the economic feasibility of establishing public or adequate community water and sewerage systems without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies."

TITLE III—MORTGAGE INSURANCE FOR LAND DEVELOPMENT

SEC. 301. The National Housing Act is amended by adding at the end thereof the following new title:

"TITLE X—MORTGAGE INSURANCE FOR LAND DEVELOPMENT"

"SEC. 1001. The purpose of this title is to secure experience for, and demonstrate the feasibility of, a program of mortgage insurance which will assist in the provision of sites for residential and related uses in neighborhoods which are properly planned and improved to provide a suitable living environment, maintain property values, and contribute to sound and economic community growth.

"SEC. 1002. As used in this title—

"(1) the term 'mortgage' means a lien on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than ninety-nine years which is renewable or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed; and the term 'first mortgage' includes such classes of first liens as are commonly given to secure advances (including but not being limited to advance during construction) on, or the unpaid purchase price of, real estate under the laws of the State in

which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trust securing notes, bonds, or other credit instruments;

"(2) the terms 'mortgagee', 'mortgagor', and 'State' shall have the same meaning as when used in section 207 of this Act;

"(3) the term 'improvements' means water lines and water supply installations, sewer lines and sewage disposal installations, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or work, whether on or off the site which the Commissioner deems necessary or desirable to prepare land primarily for residential and related uses; and

"(4) the term 'development' means the process of making and installing improvements in undeveloped or partially developed land.

"SEC. 1003. (a) The Commissioner is authorized to insure, upon such terms and conditions as he may prescribe, any first mortgage (including advances in such mortgage during development) in accordance with the provisions of this title and to make commitments for the insurance of such mortgage prior to the date of its execution or disbursement thereon; but no mortgage shall be insured under this title after June 30, 1968, except pursuant to a commitment to insure issued before such date.

"(b) To be eligible for mortgage insurance under this title a mortgage shall—

"(1) be executed by, and cover property held by, a mortgagor approved by the Commissioner and have been made to and be held by a mortgagee approved by the Commissioner;

"(2) cover the land developed and the improvements made with the assistance of the mortgage insurance unless they are in public ownership;

"(3) involve a principal obligation in an amount satisfactory to the Commissioner but in no event to exceed 75 per centum of the estimated value of the security as of the completion of the development to be financed with assistance under this title;

"(4) have a maturity and contain repayment provisions satisfactory to the Commissioner, and bear interest (exclusive of premium charges for mortgage insurance and such service charges and fees as may be approved by the Commissioner) at a rate satisfactory to the Commissioner, but not to exceed 6 per centum per annum on the amount of the principal obligation outstanding at any time; and

"(5) contain such terms and provisions with respect to protection of the security, payment of taxes, delinquency charges, prepayment, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

"(c) The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage on such terms and conditions as he may prescribe.

"(d) No mortgage shall be accepted for insurance under this title unless the Commissioner finds that—

"(1) the insurance would represent an acceptable risk to the Land Development Insurance Fund, as established by subsection (g) of this section, giving consideration to the experience to be obtained from, or demonstration effected by, the undertaking and to the expected contribution of the land development to sound community growth;

"(2) the land to be developed will meet the housing and related needs of moderate income families or will contribute to the orderly development of a well-planned residential neighborhood which will meet such needs;

"(3) the improvements will comply with all applicable State and local governmental

requirements and with minimum standards approved by the Commissioner; and

"(4) the land will be developed in accordance with a plan which—

"(A) provides reasonable assurance that the land will be part of a well-planned residential neighborhood which will (i) have a long economic life, (ii) be protected against undesirable traffic patterns and other adverse physical conditions, and (iii) be served by public systems for water supply and sewerage, and such school, playground, shopping, recreational, and other facilities as the Commissioner deems adequate: *Provided*, That where the Commissioner finds that a public system for water supply or sewerage is not feasible, he may approve an adequate privately owned system regulated with respect to user rates and charges, capital structure, methods of operation, and rate of return, or an adequate cooperatively owned system; and

"(B) has been determined by the Housing and Home Finance Administrator to be consistent with a comprehensive plan for the area in which the land is situated meeting criteria established by the Administrator for such comprehensive plans.

"(e) The Commissioner shall collect reasonable premiums for the insurance of any mortgage under this title and shall make such additional charges as he may deem reasonable for the analysis of the land development plan and the appraisal and inspection of the property and improvements. On or before January 1, 1968, the Commissioner shall make a report to the Congress concerning premium rates and additional charges under this title which he estimates would be adequate to protect the solvency of the Land Development Insurance Fund and to provide income sufficient for the program established by this title to be self-supporting on a continuing basis.

"(f) The provisions of subsections (e), (g), (h), (i), (j), (k), (l), (m), (n), and (p), of section 207 of this Act shall be applicable to mortgages insured under this title, except that as applied to such mortgages (1) all references therein to the Housing Insurance Fund or the Housing Fund shall be deemed to refer to the Land Development Insurance Fund, (2) all references therein to section 207 or section 210 shall be deemed to refer to this title, and (3) any reference to an annual premium shall be deemed to refer to such premiums as the Commissioner may designate.

"(g) There is hereby created the Land Development Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this title. The Commissioner is authorized to transfer to the Fund the sum of \$1,000,000 from the War Housing Insurance Fund created by section 602 of this Act. General expenses of operation of the Federal Housing Administration under this title may be charged to the Land Development Insurance Fund.

"SEC. 1004. Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

"SEC. 1005. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof to the same extent, according to its value, as other real property is taxed.

"SEC. 1006. The Commissioner is authorized to make such rules and regulations as he may deem necessary or desirable to carry out the provisions of this title, including regula-

tions with respect to user rates and charges, capital structure, method of operation, and rate of return of private utility companies operating utilities financed with assistance under this title. As an aid to such regulation, the Commissioner may make such contracts with, and may acquire for not to exceed \$100 such stock or interest in, the utility company as he may deem desirable.

"SEC. 1007. The Commissioner shall adopt such regulations or procedures as he deems necessary reasonably to assure that the outstanding balance of any mortgage insured under this title shall not at any time exceed 75 per centum of the aggregate amount of (1) the value, as estimated by the Commissioner, of the mortgagor's interest in the land before development and (2) the actual costs of development, as such aggregate amount is allocated by the Commissioner at the time to the property remaining under the lien of the insured mortgage. For this purpose, the Commissioner shall require the mortgagor to submit from time to time during development of the land, and upon completion of such development but prior to final endorsement of the mortgage, the actual costs of development. Such certifications shall be accompanied by such data and records as the Commissioner shall prescribe. Upon the Commissioner's approval of a mortgagor's certification, such certification shall be final and incontestable, except for fraud or material misrepresentation on the part of the mortgagor. As used in this section, the term 'actual costs' means the costs exclusive of rebates or trade discounts, to the mortgagor of the improvements, including amounts paid for labor, materials, construction contracts, land planning, engineers' and architects' fees, surveys, taxes and interest during development, organizational and legal expenses, such allocation of general overhead expenses as are acceptable to the Commissioner, and allowance for contractor's profit deemed reasonable by the Commissioner if the mortgagor is also the contractor as defined by the Commissioner, and other items of expense incidental to development which may be approved by the Commissioner."

SEC. 302. Section 219 of the National Housing Act is amended by inserting "the Land Development Insurance Fund," after the "Apartment Unit Insurance Fund."

SEC. 303. The first paragraph of section 24 of the Federal Reserve Act is amended by inserting before the last sentence the following new sentence: "Notwithstanding the limitations and restrictions in this section, any national banking association may make loans for site preparation and development which are secured by mortgages insured under title X of the National Housing Act."

SEC. 304. Section 5(c) of the Home Owners Loan Act of 1933 is amended by adding at the end thereof the following new paragraph:

"Without regard to any other provision of this section and to such extent as the Board may by regulation permit, any such association is authorized to invest in loans for site preparation and development which are secured by mortgages insured under title X of the National Housing Act."

SEC. 305. Section 212 of the National Housing Act is amended by inserting after the third sentence of subsection (a) of such section the following new sentence: "The provisions of this section shall also apply to insurance under title X with respect to laborers or mechanics employed in land development financed with the proceeds of any mortgage insured under that title."

INCREASED INCENTIVE FOR ECONOMIC AND COMPREHENSIVE SEWAGE TREATMENT FACILITIES

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentlewoman from New Jersey [Mrs. DWYER] may

extend her remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mrs. DWYER. Mr. Speaker, as a companion measure to H.R. 9078, I have also introduced a bill, H.R. 9080, to amend the Water Pollution Control Act, as amended, to increase the ceiling on grants for the construction of necessary sewage treatment works and to provide financial incentives for constructing projects which conform to comprehensive plans.

This bill, too, was first proposed by the Advisory Commission on Intergovernmental Relations in its report, "Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas." The report recommends Federal, State, and local action to obtain more satisfactory water supply and sewage disposal services in urban areas. H.R. 9080, together with H.R. 9078, would carry out major commission recommendations at the Federal level in this important intergovernmental effort to assure our people adequate supplies of clean water in the years ahead. The Commission's leadership in this regard has been most encouraging.

First, let me point out that the Commission concluded against recommending the establishment at this time of any new general program of Federal grants-in-aid for water supply and distribution comparable to the existing sewage treatment grant program. It reached this conclusion because local communities must provide water to survive and do not need Federal stimulation to act in this field. However, sewage disposal is quite another matter. The Commission found that the current Federal program of grants for sewage treatment construction has provided a significant incentive for increased investment at the local level and has spurred rather than stifled State and local initiative. However, it concluded that the Federal grant program does not provide adequate incentive for more economical and comprehensive sewage treatment facilities in metropolitan areas.

As presently authorized, a grant for a single project may not exceed 30 percent of the reasonable construction cost or \$600,000, whichever is less. In the case of a joint project in which several communities participate, the ceiling is \$2,400,000. These ceiling limitations are unrealistic when applied to the considerably greater expenditures which communities in larger urban areas must bear in installing necessary treatment works. In application, these grants approximate as little or less than 10 percent of the costs involved, and thus they fail to achieve what is at once a primary and necessary objective in efforts to control water pollution. The bill, which I introduce today, would bring these amounts more in line with the equities and purposes involved by increasing a single project grant maximum to \$1 million and a joint project meeting the needs of a number of communities to a grant maximum of \$4 million.

Federal sewage treatment grants can be an important tool for shaping a better metropolitan community. However, the Federal aid program does not provide sufficient incentives for more economical and comprehensive waste disposal development in metropolitan areas. Federal policy should actively promote the development of sewage treatment systems on a scale consistent with sound investment and planning practices.

At the present time there is no requirement, either legislative or administrative, that grants in metropolitan areas be denied to crisis-oriented, shortsighted, and uneconomical solutions to pollution abatement. As an incentive to more economical and coordinated waste disposal development, this bill would authorize an additional 10 percent grant to be made for those projects that are certified by an official State, regional, or metropolitan planning agency as being in conformity with an areawide plan of development. This would be an economical investment both for the Federal Government and the communities concerned because a single larger facility can usually be constructed at a lesser cost than several smaller ones. Similar incentives or, more commonly, legislative requirements, are now provided in the Federal open space, mass transportation and urban renewal programs of the Housing and Home Finance Agency, and the loan and grant programs of the Area Redevelopment Administration.

I believe that this legislation would greatly assist Federal and State officials responsible for implementing the Federal grant program for sewage plant treatment construction, in promoting areawide planning and the development of economical sewage treatment facilities.

Mr. Speaker, I ask unanimous consent that the text of the bill be printed in the RECORD at this point.

H.R. 9080

A bill to amend the Federal Water Pollution Control Act, as amended, to increase grants for construction of municipal sewage treatment works and provide financial incentives for construction projects conforming to comprehensive plans

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) clause (2) of subsection (b) of section 6 of the Federal Water Pollution Control Act (33 U.S.C. 466) is amended by striking out "\$600,000," and inserting in lieu thereof "\$1,000,000."

(b) The second proviso in clause (2) of subsection (b) of such section 6 is amended by striking out "\$2,400,000," and inserting in lieu thereof "\$4,000,000."

(c) Section 6 is further amended by adding at the end thereof the following new subsection:

"(g) Notwithstanding any other provisions of this section, the Secretary may increase the amount of a grant by 10 per centum for any project which has been certified to him by an official State, metropolitan, or regional planning agency empowered under State or local laws or interstate compact to perform metropolitan or regional planning for a metropolitan area which has been defined by the Bureau of the Budget as a standard metropolitan statistical area and within which the assistance is to be used, or other agency or instrumentality designated for

such purpose by the Governor (or Governors in the case of interstate planning) as being in conformity with the comprehensive plan developed or in process of development for such metropolitan area."

TRADE WITH SOVIETS

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from Minnesota [Mr. QUIE] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. QUIE. Mr. Speaker, I wish to call the attention of the House to a newspaper dispatch from London, dated November 12, which appeared in the November 13 edition of the Washington Post.

The headline states, that a NATO meeting is set to discuss trade with the Soviets. The dispatch goes on to say that Allied leaders of the NATO nations have called a meeting in Paris for early next week—the week of November 17—to seek a settlement of their differences over East-West trade policies.

Americans cannot help but be cheered by this announcement. It is especially good news to a group of us here on the Republican side of the aisle, who called on the President of the United States back on October 4, urging him to call such a meeting.

I would like to enter in the RECORD the statement which the Republican House task force on NATO unity, a subcommittee of the Republican House policy committee, sent to the President on October 4:

STATEMENT ASKING THE PRESIDENT OF THE UNITED STATES TO CALL A TOP-LEVEL NATO MEETING ON ECONOMIC UNITY

The recent Canadian-Russian wheat deal and a possible United States-Russian wheat deal point up the need for greater NATO unity. Both deals developed on a bilateral basis and apparently without due regard to their broad implications on free world security.

The Communists use trade as a weapon in the cold war, not merely in the commercial manner common among businessmen. They use trade to divide and conquer, create dissension among the free nations, make individual nations dependent and therefore vulnerable, as well as to fill their own strategic shortages.

In order to deal effectively with this problem and with similar problems in the future, we urge that the authority of NATO be increased so that it would have the responsibility and the authority to strengthen and develop free competitive practices in world commerce and to resist any monopolistic state-dominated trade warfare of the Communists.

NATO is united in moral purpose. It must also be united in economic power.

Article II of the original NATO treaty states that the NATO countries will "seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them." Canadian Prime Minister Lester B. Pearson was the author of this important provision.

We urge the President to issue a call for an immediate top-level NATO conference to give considerations to these proposals.

Mr. Speaker, nowhere does the article in the Washington Post state whether the call for this meeting in Paris next week was issued by the President, or if it came from some other Allied leaders. However, it is certainly in the spirit of the statement which our Republican subcommittee issued back on October 4, and it is good news to us.

However, there are some portions of the November 13 article in the Washington Post which are not so encouraging. Some recent events, especially regarding the proposed sale of U.S. surplus wheat to the Soviet Union, are also discouraging.

I now offer for the RECORD the full text of the Washington Post article, so that we may proceed from this point to discuss putting our own house in order before attempting to assume a role of leadership at this up-coming meeting of NATO Allies:

BALL VISITS ERHARD—NATO MEETING SET ON SOVIET TRADING

LONDON, November 12.—Allied leaders have called a meeting in Paris early next week to seek a settlement of their differences over East-West trade policies, authoritative diplomatic sources said today.

The United States wants to unify the West's credit terms in dealing with the Soviet bloc. Some allies fear such a move will lead to a loss of sales to the Communist nations.

The meeting, scheduled for next Monday, will be held within the framework of the North Atlantic Treaty Organization, which has been keeping an eye on trade with the Communist bloc.

Under Secretary of State George Ball, now in West Germany on his tour of European capitals for preliminary interallied trade talks, was expected to attend the Paris meeting.

MEETS WITH ERHARD

Ball met today with Chancellor Ludwig Erhard. He will travel to London this week, where he is expected to ask the British to refrain from granting excessively favorable credit facilities to the Russians.

Specifically, he is expected to seek greater formalization of a "gentleman's agreement" now in force, under which Britain's Export Credits Guarantee Department refuses to insure credits of more than 5 years, except in unusual circumstances.

The Department already has felt justified in extending the limit to 7 years in the case of aircraft exports, after learning that the American Export-Import Bank has agreed to extend 7 years' credit to purchasers of American aircraft.

Ball is also expected to seek an assurance that the British will not sidestep this gentleman's agreement by allowing the Guarantee Department to arrange what are known as special financial guarantees for big Iron Curtain orders.

NONE YET GRANTED

For the last 2 years the Department has given financial guarantees to private banks that have lent money to exporters to finance large capital goods orders. It says that no such financial guarantees have yet been granted for Iron Curtain orders.

Thus Ball's action appears designed to guard against possible future action of this kind in support of a big jump in exports to the Soviet Union.

The American move at this time is understood here to be inspired by the fear that America's allies in Western Europe may use the American-Russian grain deal as an excuse for stepping up their own trade with the Soviet Union."

Mr. Speaker, there are two portions of this dispatch to which I would like to call special attention.

The first is the proposed trip of Mr. Ball to Great Britain to "seek a greater formalization of a gentleman's agreement now in force, under which Britain's Export Credit Guarantee Department refuses to insure credits of more than 5 years, except in unusual circumstances."

To this point should be added for consideration the further statement that the British Department has felt justified in extending credits to 7 years, because the United States has done so. And, we should take into consideration the statement:

Ball is also expected to seek an assurance that the British will not sidestep this gentleman's agreement by allowing the Guarantee Department to arrange what are known as special financial guarantees for big Iron Curtain orders.

The second major point of this dispatch to which I call your attention is the statement:

The American move at this time is understood here to be inspired by the fear that America's allies in Western Europe may use the American-Russian grain deal as an excuse for stepping up their own trade with the Soviet Union.

Mr. Speaker, it is obvious that the vacuum of leadership which has developed in the area of foreign policy under the Kennedy administration has set up a guideline for policy in dealing with our allies that can be summed up in the old cliché: "Do as we say, not as we do."

Here we are, faced with the prospect of the Under Secretary of State of the United States, visiting a foreign capital to urge a long-standing ally not to extend the "special financial guarantees" which we are, ourselves, about to extend to the enemies of the free world. This does not seem to me to be a very trustworthy and equitable manner of dealing with our allies, nor of meeting the threat of international communism.

To illustrate my point, I refer you to an article in the Washington Post of November 11, under the byline of Mr. Vincent J. Burke.

Mr. Burke says:

The Federal Government has decided to underwrite all the credit risks for American banks engaged in financing sale of \$6 million worth of surplus U.S. corn to Communist Hungary.

It is expected that similar credit guarantees will be extended to the pending \$250 million sale of wheat to the Soviet Union.

These guarantees, writes Mr. Burke, will be extended by the U.S. Export-Import Bank, a governmental agency roughly paralleling the British Export Credits Guarantee Department.

Says Mr. Burke:

Actually, it is customary for the Export-Import Bank, a Government agency, to guarantee one-half of the short-term credit extended by private commercial banks on sale of big shipments of American goods abroad. The agency's chief purpose is to promote foreign sale of American products.

Departing from its usual 50-50 practice, the Export-Import Bank has agreed to guarantee all the short-term credit extended by banks to finance the sale of corn to Hungary.

This was done after the commercial banks refused to take the risk required under the agency's normal practice.

Mr. Speaker, may I suggest that what we are proposing to do is to extend 100-percent credit to a dead-beat government that may steal the whole granary?

It seems strange to me to be extending such preferential credit to a nation which has disdainfully refused to pay us back the lend-lease aid we granted it nearly a quarter century ago, and which is also today far in arrears in its payments to the United Nations.

Mr. Speaker, this Export-Import Bank credit means that:

First. If the Hungarians, or the Russians if these special credits are extended to the Soviets as Mr. Burke says is expected, should default, it will be the U.S. taxpayer, through the Export-Import Bank's funds, who will pick up the bill.

Second. The U.S. Government is ready and willing to take a credit risk that private bankers in the United States refuse to take.

Third. We have already granted preferential treatment to the Soviets, exactly the thing that Mr. Ball is going to London to try to prevent the British from doing.

Fourth. We are extending to the Communist government of Hungary, and perhaps will extend to Russia, 100 percent credit guarantees, while we will extend only 50 percent guarantees to our allies.

Mr. Speaker, I think my point is clear in this regard, and I will not belabor it further, except to refer the Members of the House to the excellent speech, given on the floor of the Senate on November 12, by the distinguished Senator from South Dakota, Mr. MUNDT, which appears on pages 21573 to 21576 of the CONGRESSIONAL RECORD. In it he explores several matters regarding our sale of wheat to the Soviet Union and extension to them of unusual credit arrangements, in much depth and with excellent insight.

Among other things, Mr. MUNDT says:

I do not know what our free world friends think about a proposal that has now become a fact, whereby we are now selling American surplus grains to the Communists at a cheaper delivered price than that at which we are selling it to our friends in the free world.

I shall now move on to the second point of the Washington Post dispatch of November 13, which I called to special consideration—that it is now feared by the administration that our allies may use our wheat deal with the Russians to justify stepped-up trading of their own with the Soviet bloc.

It seems strange to me that these fears should be so late in coming. For the announcement of the deal was, in the first place, a reversal of what was assumed to be the U.S. policy, that is, to attempt to limit exports from the free world to the Iron Curtain.

On September 30, on the floor of this House, I said that the United States needs to clearly state its trade policy toward the Soviets. I pointed out that

"any expansion of trade with the Communist nations must be based on a reasonable assumption that it is to our best interests in winning the cold war," and that "it is not enough to merely expand trade with the Soviet Union in a vague hope unsubstantiated by fact that it will relieve tension."

I suggested that a complete reevaluation of our trade policy with the Communist bloc be undertaken and that we be sure that the sale of every commodity to the Soviets is aimed at strengthening, not weakening, ourselves and the free world.

Thus, I am greatly heartened by news of the NATO trade meeting to take place in Paris, but we must be consistent in what we say and what we do.

Bear in mind, in light of these U.S. credit concessions to the Communists, the words of the President of the United States on October 10 when he announced the possible sale of wheat to the Soviet Union.

President Kennedy said it would be sold "by private dealers for American dollars or gold, either cash on delivery or normal commercial terms."

Now, only a matter of a few weeks later, we see newspaper reports of a Government agency ready to guarantee 100-percent credit for the Communists. That, too, Mr. Speaker, is a reversal of avowed policy.

During the past 3 years we have consistently told our NATO Allies one thing and done another. Let me mention just a few more cases.

The Washington Post, of October 20, printed a news analysis written by Staff Reporter John G. Norris. Mr. Norris said, in part:

Pentagon leaders have decided to seek a showdown with America's principal allies on a long-stalemated split over fundamental NATO strategy. . . . For although often overlooked among the other issues dividing Western Powers, NATO has been split over military strategy ever since the Kennedy administration proposed two major changes in 1961. One is called the forward strategy and the other the graduated strategy.

Mr. Norris goes on to explain that "forward strategy" is the idea of building up troops to meet any Soviet attack in West Germany, where they could fight a "forward battle"—presumably in Soviet satellite territory. The "graduated response" means that we would meet conventional force with conventional force as far as possible and withhold use of tactical nuclear weapons until required by the course of war.

We have held this position almost alone. Our allies did not think that Communist aggression would necessarily be confined to ground warfare—conventional warfare. Our allies of NATO felt a sharing of nuclear power necessary to meet aggression from the East.

The fact is that the United States is now forced to consider reducing its huge land forces overseas, because of the increasing expense of maintaining a huge military machine in West Germany.

Our NATO Allies have not completely fulfilled their earlier commitments to maintain these huge land armies. This has not been only because of the expense, but also because they are not convinced

that the Soviets will strike in conventional means and feel free world resources might be better used to build a nuclear force.

For, as Arthur Krock of the New York Times pointed out on October 15:

The Soviet ballistic missile system aimed at Western Europe is substantially increasing each year. The Soviet Union from time to time has found it convenient to threaten use of these missiles in an attempt to gain political objectives. The bombardment forces directly under NATO command are for the most part composed of manned aircraft which are becoming obsolete. Six years ago the United States offered to cooperate in the ballistic missile field with its NATO allies. The offer has only been partially fulfilled in the sale to the British of Polaris missiles and the supply of Thor and Jupiters to Turkey and Italy. These latter have been phased out because of obsolescence.

Mr. Norris again, reports in the October 2 issue of the Washington Post:

Behind top Pentagon plans to cut back the Navy's aircraft carrier program are some little known military factors—which under current political realities make some reduction in the U.S. Fleet inevitable.

Mr. Norris writes that a cutback in U.S. Navy forces is anticipated because Polaris submarines and Minuteman ICBM's have now increased our striking power, making even the present level of our surface-fleet strength unnecessary.

Consider, Mr. Speaker, that again, in the military field, we are telling our NATO allies to do one thing and then are doing, for ourselves, another. At the very moment we are considering cutting back our own land forces in Europe out of the necessity of the drain on our gold supply, we are chastising our NATO allies for failure to build up their land forces. At the very time we were urging our allies to accept an expensive surface-vessel fleet of 25 vessels, we were considering reducing our own surface fleet.

The reason we can consider such moves for ourselves is because we have increased our nuclear long-range striking force. It is the same type of striking force our allies in NATO desire to obtain. It is the same type of striking force we promised our allies 6 years ago, but which we have made no attempt during the past 3 years, to deliver.

A rebuff came from our NATO Allies last week at the meeting of the NATO Parliamentarians' Conference. That Conference handed down its opinion that a mixed-man surface fleet of NATO nuclear vessels, such as urged by the United States, is "militarily wasteful."

At the same time we have been telling our NATO Allies to "do as we say and not as we do," we have been entering into bilateral agreements with the Soviet Union which are equally harmful to NATO unity.

We have entered into the hot-line agreement with Soviet Russia, which entirely excludes our NATO Allies. We have negotiated the nuclear test ban treaty, which excluded all other NATO members except Great Britain, from the negotiations. We have now reversed our avowed policy and entered into the wheat deal and other trade negotiations with Communist satellites.

All of this, Mr. Speaker, must leave a strange impression of us in the minds of our NATO Allies, who have been asked to trust us implicitly for 15 years, but in whom we show no similar trust. It seems that our recent policies have been aimed at weakening our allies and their trust in us and thus weakening ourselves.

Mr. Speaker, there is nobody who would be happier than my colleagues of the Republican House task force on NATO unity, and myself, to see something tangible and constructive emerge from the meeting of NATO alliance partners next week in Paris.

Something tangible and constructive to the peace and freedom of the free world and the world as a whole will be achieved, if out of that Conference comes a realization throughout the Western World that trade is an economic weapon in the cold war which the Communists wield successfully as a heavy club and which we should recognize as an equally potent weapon in our hands.

But I must seriously question how much good can come out of the NATO Conference if the United States goes into the negotiations still laboring under the misconception that we can demand one thing of our Allies and do the opposite ourselves. We must accept our NATO Allies as equal partners in the defense and preservation of freedom in the West, or face further rebuffs and growing disunity among the members of the Atlantic Community.

The NATO Economic Conference in Paris should be used to work out a mutually acceptable program for all the members of NATO, and not be used merely as a sounding board from which we attempt to manipulate our Allies.

Mr. Speaker, I call on the administration to examine its position and to realize, as it goes into these vital Paris discussions, that we must be willing, ready, and able to honor our obligations to our Allies, to make no more demands on them than what we are willing to impose on ourselves and to realize that the Communists are still our enemies.

They have amply demonstrated that fact on the Berlin autobahn, in Cuba, in Vietnam, and through subversive activities in South America.

Let this meeting in Paris be the beginning point of a new era of NATO unity and cooperation. Let the lines again be drawn clearly between friend and foe and let our policies be again clearly defined with the end of strengthening our Allies and winning the cold war.

IMPORTATION OF MEATS INTO THE UNITED STATES

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from Iowa [Mr. BROMWELL] may extend his remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. BROMWELL. Mr. Speaker, the report in this morning's press of an in-

vestigation of a connection between Bobby Baker and an American-owned packing plant in Haiti again dramatizes the acute need for this body to direct its attention to the question of importation of meats into the United States. The report discloses that before 1961 Haiti had not exported meat to the United States or Puerto Rico. There was not even a modern slaughterhouse in Haiti prior to 1959. In fiscal year 1962, United States and Puerto Rican imports from Haiti were 1,609,886 pounds and in 1963 there were 2,703,968 pounds from that source.

The swift rise of meat imports in the past 3 years to a point where imported beef now represents 10 percent of U.S. beef consumption, the elevation of tariffs on pork and pork products by the Common Market nations, the depressed state of the American livestock industry and the subsidization of feed grain production in the United States are elements of a problem swiftly becoming critical to a vast productive and still uncontrolled segment of American agriculture.

With the facts as they are it is most difficult to believe that any case at all can be made for the importation of Haitian beef whether the authority for such transactions was obtained through the intervention of Baker or someone less notorious.

The time is long past for close attention to this matter by the House.

PUBLIC ACCOUNTING BY MEMBERS OF CONGRESS

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from Maine [Mr. TUPPER] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. TUPPER. Mr. Speaker, we hear and read a great deal these days of the need for a statute requiring Members of Congress to give a public accounting of sources of outside income as well as a list of securities owned by them.

I am inclined to believe that we should do this individually without compulsion. While in most other walks of life this would be strictly a private matter, Members of Congress have a unique relationship with those they represent, probably like no other. This relationship would seem to carry with it an obligation to be entirely frank about outside financial interests, if any.

The Congress—as an institution of Government—depends upon the respect of the American people. They must be confident in the knowledge that individual Members vote in accordance with what they deem is best for their district, State, and Nation, and without regard to any conflicting personal interest. If a majority of the people of this country came to believe otherwise—no matter how erroneous their conclusion might be—our system of government would be threatened.

For the record, I take this opportunity to state that my income is solely

from that as a Member of Congress, and that I own no stocks, bonds, or other securities.

MORE MANAGED NEWS?

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. BARRY] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. BARRY. Mr. Speaker, in today's Washington Post on page 1 there is an article entitled "Economy Pledge Called Unattainable by RIBICOFF." The article refers to the distinguished gentleman from Connecticut and his questioning of Mr. Walter W. Heller, Chairman of the Council of Economic Advisers.

In general, the gentleman from Connecticut attacked New Frontier spending as being too high. Such remarks, coming from a Democratic Senator, can hardly be called partisan politics. I commend this article to my colleagues as another instance of managed news. I quote:

ECONOMY PLEDGE CALLED UNATTAINABLE BY RIBICOFF

(By Frank C. Porter)

Senator ABRAHAM A. RIBICOFF, Democrat, of Connecticut, said yesterday the administration is "painting itself into a corner" by making economy pledges it may not be able to keep.

RIBICOFF, former Secretary of Health, Education, and Welfare, who supports the White House on most matters, said Government witnesses have been less than candid in urging passage of President Kennedy's \$11.1 billion tax cut program before the Senate Finance Committee.

In offering assurances that Government spending will be held down, RIBICOFF said, these administration officials "are playing right into the hands" of Chairman HARRY F. BYRD, Democrat, of Virginia, and other committee members critical of the tax bill.

BYRD has consistently held that taxes should not be cut until the budget is balanced.

RIBICOFF's remarks came during questioning of Walter W. Heller, Chairman of the Council of Economic Advisers and an early advocate of tax cuts to spur economic growth and reduce unemployment.

Heller disputed RIBICOFF's contention that the administration is offering the tax bill as a panacea or economic cure-all. He said he supports a "balanced program" of which the tax measure is only a part.

Under a barrage of hostile questioning by Byrd, Senator John J. Williams, Republican, of Delaware, and Senator Wallace F. Bennett, Republican, of Utah, Heller stoutly maintained his thesis that the Federal budget can be balanced best through expansion of aggregate demand by tax cuts even if it means further temporary deficits.

While he's in favor of "prudence in Government expenditures," Heller explained, reductions in Federal spending equivalent to the tax cut would cancel out the stimulative effect of the program.

This brought a left-handed compliment from Byrd. "You are the first Government witness to be frank enough to say you don't want to decrease expenditures," the chairman told Heller. "You actually want to increase them."

Heller said he saw little inflationary danger either in the tax program or in recent scat-

ter price increases. He did, however, issue an oblique warning about so-called administered price increases. The American public would have little sympathy, he said, for arbitrary price increases in the face of still higher sales and profits resulting from a tax cut.

"We have had several direct indications from major industrial executives * * *," Heller continued, "that they expect a tax cut to bring about volume increases and unit-cost reductions that will make it easier to hold current prices or even reduce them."

In another hearing, International Business Machines Corp. Chairman Thomas J. Watson, Jr., told the Senate Subcommittee on Employment and Manpower that passage of the tax bill would help to reduce jobless rolls.

He also suggested possible shortening of the workweek—a measure opposed by the administration and almost all businessmen—as well as the strengthening of area redevelopment and manpower retraining programs, earlier social security retirement benefits and worker relocation allowances.

It is good to note that Mr. Heller now considers puritan ethics as something he can live with. Personally, I agree with the gentleman from Connecticut, I would rather be a puritan than a heller.

The distinguished Senator from Connecticut deserves credit for putting country above party.

PRESIDENTIAL MEMORIAL CERTIFICATES

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. DEVINE] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. DEVINE. Mr. Speaker, last week my colleague from Kansas [Mr. DOLE] made some interesting disclosures concerning the political aspects of the program of the Veterans' Administration to place the President's name in the homes of all deceased veterans of all wars.

Last August I had received a number of complaints from irate families of deceased veterans—some of whom had been gone 15 to 20 years—concerning the program. I made inquiry through the Comptroller General of the United States and received most revealing information, as follows:

COMPTROLLER GENERAL OF THE UNITED STATES,

Washington, D.C., October 31, 1963.

The Honorable SAMUEL L. DEVINE, House of Representatives.

DEAR MR. DEVINE: Further reference is made to your letter of August 31, 1963, requesting information on the cost and date of initiation of the Veterans' Administration program for providing certificates honoring the memory of deceased members of the Armed Forces.

The program was initiated by the Veterans' Administration as a result of a suggestion made by Mr. Benjamin B. Belfer, secretary-treasurer of the Minneapolis Joint Veterans' Council. As part of its implementation of the program, the Veterans' Administration designed a suitable certificate which was later approved by the President. Under the broad eligibility requirements established by the Veterans' Administration, the next of kin, relatives, or friends of deceased veterans of the Armed Forces with records of honorable service may obtain memorial certificates.

The first certificates were issued in March 1962 and were in memory of those veterans whose deaths were reported to the Veterans' Administration in March 1962. Since April 1962 the Veterans' Administration procedures have provided for certificates to be automatically issued to eligible next of kin, upon receipt of notification of the death of a veteran. Notices of such deaths are normally received in one of the Veterans' Administration regional offices which identifies the next of kin from the veterans' records and notifies the Veterans' Administration central office.

In April 1963, the Veterans' Administration expanded the program to include veterans of World War I, World War II, the Korean conflict, and peacetime veterans who died prior to March 1962. The Veterans' Administration arranges to notify the next of kin by having the Treasury Department insert an appropriate letter of explanation and an application for a certificate with the compensation and pension checks mailed to dependents of deceased veterans. Such letters and applications have already been mailed to about 434,000 next of kin residing in 11 States. The Veterans' Administration plans to mail an additional 841,000 applications, during the period October 1963 through April 1964, to those next of kin residing in other States and the District of Columbia.

From March 1962 to September 30, 1963, 478,635 memorial certificates were issued—250,820 were issued in memory of those veterans whose deaths have been reported since March 1962 and 227,815 were issued in memory of those veterans whose deaths occurred prior to March 1962 when applications were received from the next of kin under the expanded program. The cost of issuing memorial certificates during this period was about \$160,000, or an average cost of 33.5 cents for each certificate.

For the remainder of fiscal year 1964, an estimated 627,000 memorial certificates will be issued, of which about 437,000 will be in memory of veterans who died prior to March 1962. The cost of the program for the remainder of the fiscal year is estimated at about \$138,000, or about 22 cents for each certificate.

Memorial certificates are issued honoring the memory of deceased veterans who served during wartime and peacetime. Since the number of individuals who will serve in the Armed Forces in the future is not known, the total number of memorial certificates that will be issued cannot be determined. However, on the basis of the number of veterans who have served in the Armed Forces during wartime, the Veterans' Administration predicts about 19 million veteran deaths from fiscal year 1965 through 2010. Assuming that the program will be continued until the end of fiscal year 2010 and that memorial certificates will be issued, about \$4.2 million will be expended to honor these wartime veterans.

The above costs have been estimated on the basis of information supplied by the Veterans' Administration and include the cost of printing, supplies, and postage and the salaries for clerical personnel to type and process the certificates. The costs do not include the cost of special typewriters—about \$7,000—or other costs which are not readily determinable, such as applicable salary cost of high-level agency personnel and the cost of office space, searching the veterans' records for next-of-kin information, and certain processing involving automatic data processing equipment.

No specific appropriations have been made to defray the cost of the memorial certificate program. Expenditures to carry out this program are being made from funds appropriated by the Congress to the Veterans' Administration for general operating expenses for fiscal years 1962, 1963, and 1964 (75 Stat. 357, 76 Stat. 732, and 77 Stat. 74).

The certificate enclosed with your letter of August 31, 1963, is returned herewith.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General
of the United States.

PROF. FREDERICK CHARLES BARGHOORN

The SPEAKER. Under previous order of the House, the gentleman from Illinois [Mr. PUCINSKI] is recognized for 10 minutes.

Mr. PUCINSKI. Mr. Speaker, the American people in general and the academic community in our own country in particular and throughout the free world were shocked to learn yesterday that the Soviet Union has arrested Prof. Frederick Charles Barghoorn on a charge of spying.

It is my hope that this Congress will not sit idly by and watch this scandalous conduct by the Soviet Union with impunity.

There is no question in my mind that the arrest of Yale University Professor Barghoorn, who was visiting the Soviet Union as a scholar to assemble material for his new book, is nothing more than Soviet retaliation to our Nation's long-overdue move yesterday to restrict the travel of Communist officials from Soviet satellite nations in the United States.

Mr. Speaker, we cannot view the so-called thaw in American-Soviet relations with any confidence when the Soviets violate the basic precepts of civilized behavior by arresting American citizens like Professor Barghoorn.

As a member of the House Committee on Education and Labor, I have today introduced a resolution which would suspend all cultural exchange programs between the United States and the Soviet Union forthwith if the Soviet Union does not either release Professor Barghoorn by Monday or spell out a bill of particulars for his alleged violations and give him immediately the right to consult with the American Ambassador in Moscow.

Professor Barghoorn has been closely associated with the cultural exchange program as a member of the National Executive Committee of the Inter-University Committee on Travel Grants.

It is my hope the Soviet Union will not force Congress to act on this resolution because there are many fine aspects in the cultural exchange program which offer hope for a better understanding between our two nations. For instance, I saw the Moscow Circus a few days ago and thoroughly enjoyed it. But I, for one, do not intend to sit idly by while the Soviet Union talks out of both sides of its mouth.

The arrest of Professor Barghoorn is symbolic in that it threatens every single American who would go to the Soviet Union for whatever may be the reason. I think the time has come when we here in Congress should serve notice on the Soviet Union that if we are to deal with Soviet officials, they must adopt a code of ethics which befits civilized behavior. It is an established fact that whenever

the United States has cause to arrest a Soviet citizen on charges of spying, the Soviet Ambassador is permitted to communicate with such a person under American arrest and a bill of particulars is immediately presented to a U.S. Commissioner during the arraignment.

It is not my intention to dictate to the Soviet Union how it is to operate its internal affairs, but certainly we are not asking too much when we demand that American citizens arrested in the Soviet Union must be advised forthwith of the charges on which they are held.

I think that every effort should be made to let the American Ambassador in Moscow meet with Professor Barghoorn right now before the Soviets succeed in breaking down his will and applying the devilish technique of forcing him into a false confession.

STATES RIGHTS

The SPEAKER. Under previous order of the House, the gentleman from Indiana [Mr. BRUCE] is recognized for 60 minutes.

Mr. BRUCE. Mr. Speaker, on November 9 of this year, the Honorable GENE SNYDER, of Kentucky, addressed the Governmental Affairs School of the Indiana Junior Chamber of Commerce at Madison, Ind. Because of the importance of his remarks, I wish to make his address available to all the Members by insertion in the RECORD.

The address follows:

ADDRESS BY THE HONORABLE GENE SNYDER, OF KENTUCKY, BEFORE THE GOVERNMENTAL AFFAIRS COMMITTEE OF THE INDIANA JUNIOR CHAMBER OF COMMERCE, AT MADISON, IND., NOVEMBER 9, 1963

I appreciate the honor that is mine by your asking me to come and speak to you today. I am particularly interested in the subject which you have chosen for this meeting and which you have directed me to attempt to discuss to some extent. The subject of "States rights" which you have chosen for your discussion topic for this meeting—is a subject which means a lot of things to a lot of people. For example, to our Negro friends the issue of States rights connotes segregation. I do not share this thinking, and, of course, the best that I can do today is to try to discuss with you as best I can what States rights means to me.

During my short political career, I have been called upon to speak many times and on many of these occasions I have touched upon this issue of States rights but I do not believe that I have ever been called upon to discuss this as a sole issue—and so as I attempt to do so today, I ask for your indulgence with me, for, in this respect, this constitutes a new experience for me.

A little less than 200 years ago, our Founding Fathers formed a government. This was perhaps the only Revolution in all history that did not exchange one set of rules for another. Our Founding Fathers formed a government and they bound it with a Constitution—and I might say incidentally they intended that the Constitution was to be a watchdog over man's freedoms—not a cow to be milked. The several sovereign States then existing decided that it was for their best interest that they should form a compact, or a contract together, delegating some of the powers that then existed within each of the sovereign States to a Federal or central authority, which would be for the mutual best interest of all of the several States. In this connection, they delegated to this

Federal Government, which they set up, certain powers and authorities and reserved to each of those sovereign States all of the powers that they did not so delegate. Therefore it follows, I think, that the division of powers between the Federal Government and the several States must be controlled by the contract that was entered into between the States and the power of the Federal Government limited to this extent.

Realizing that the United States is a federation of States, bound together under a constitutional contract that established a balance of powers between this Federal Government and the sovereign State governments, I think it therefore becomes evident that the concept of balance is essential to the preservation of the form of government that was established by our Founding Fathers. I think it becomes obvious that if we allowed too much of the power to remain in the respective State governments that the union that was formed by the constitutional contract would become ineffective and disintegrate. But on the other hand, if the central government should acquire too much power, then the States would lose their authority and eventually their identity, and the central government would be the controlling monolithic type of State that we have seen develop—come and go—throughout all history. The kind of government that has not long existed in our civilization without being overthrown or toppled from stresses and strains within or without.

I do not think that the balance is necessarily a static sort of a situation and obviously history would indicate to us that it has not been static at all because we know that the Federal Government grew in power and authority from its institution until about 1800. Then I think the pendulum rather swung and the power movement was back toward the States until the Civil War. However, since the Civil War, that is, the past 100 years, we have seen the pendulum of governmental power swing again toward Washington, and at a vastly accelerated rate since about 1930.

As a consequence, we now have a Federal Government that is so big that it cannot be effectively managed, governed, or controlled by any one man, or group of men, regardless of their political astuteness; regardless of their knowledge; regardless of their ability; and regardless of their overall competence. Today, the size of the Federal Government, and the power that is exerted by the Federal Government, and the increasing power that is attempted to be exerted by the Federal Government threatens the very fundamental principles, the very fundamental nature of our Republic by undermining the sovereignty of the States—the sovereignty which existed prior, to the Constitution and which but for the relinquishment of some of this sovereignty and power, there would be no Federal Government. Second, the cost of this great mass in Washington, which I prefer to call the puzzle palace on the Potomac, has gotten to the point where it impedes the economic growth of our country by imposing an excessive burden of taxation on the economic resources that must support both the people and the Government and, third, the enforcement by the Federal Government of its policies which are now suggestive of the police state, violate both the spirit of the Constitution and the guarantees of personal freedom that we find therein.

I happen to be one of those who believe that the whole picture of government could be more properly brought into focus and within the concept of the Constitution if we would bring closer to home—that is, to our local, State, and city and county governments, those governmental services and functions that should properly be performed by our local government, but which have already been swept into this great mass of

bureaucratic entanglements that we now see in Washington.

Let us consider for a few minutes, if we can, the perhaps major influences that have promoted the great growth of Federal power.

I think that in the beginning the usurpation of the rights of the States by the Federal Government was in some areas that did not directly affect so many people, and, as a consequence, this rather slow movement toward Washington went unnoticed and unaided by the States. They were not so jealous of their sovereign right as perhaps they should have been—and, of course, the Civil War and the Reconstruction days damaged the States rights concept in the thinking of so many people. The trend toward a central government proceeded at a most moderate pace after the Civil War, but, of course, was stepped up immensely as a result of two World Wars and the necessary change that must be brought about under such great global conflicts—but I think there are probably some other more practical and ideological reasons for this great growth.

You know, there is an old story that says you cannot kill a frog by dropping him in boiling water—he reacts so quickly to the sudden heat that he jumps out before he is hurt. If you will take that same frog and put him in cold water, and warm it up gradually, he never decides to jump until it is too late. But then he is cooked. And this is what we have seen transpire during the years; men being just as foolish as the frog who is put into cold water—men who have had their fundamental freedoms taken away from them by the Central Government which, if you had attempted to take away all of these freedoms, all of these rights of the local government, if you please, overnight—you would have gotten into a violent revolution. But under the so-called liberal concept, we have seen these rights being taken away from the States gradually under the guise of security or peace or progress, and we may well be at the point where we could paralyze an entire generation.

You see, because of the economic conditions which existed in the early 30's, a very practical development occurred which was the initiation on a large scale of Federal grants and aids or subsidies whereby the Federal Government took over and assumed full or partial responsibility for many services and activities, the performance and financing of which had been always within State and local administrative and fiscal capacity. Once we embarked upon this project, there were pressures from the various groups who were to profit or benefit from these various types of grants and aids to continue and increase such projects—and, of course, this device was appealing to the large majority of people who began to believe that somebody else was providing the money and it certainly was most appealing to State and local officials who were able, through political manipulation, to acquire these various emoluments, benefits, improvements and so forth for their own communities, to their own credit, without the necessity of taking that very dangerous political step of raising taxes or going into debt.

In other words, the Federal Government has literally bought its way into the area where State and local governments should function and these acts of purchase, if you please, of vote buying, if you please, have seldom been questioned by the Supreme Court who has construed the term "general welfare" as broadly as they wanted to so as to include everything in the area of government—thereby leaving the Federal Government free to move into almost any area that they so desired to spend money and exercise control.

In passing, let me say this—regardless of how many people may say to you that there are certain areas where you can receive Fed-

eral financing without Federal control—and regardless of how many people say it is written into the law, let me assure you that nobody in Washington really believes this. As a matter of fact, in the case of *Wichard v. Filburn*, decided in 1942, the Court said in effect that it was not only the right of the Federal Government to control those things which it finances, but that it was its duty. I agree with this very thoroughly, that it is utter fiscal irresponsibility for the Federal Government to spend your tax money and not control how it is to be spent. We only have to think back a few billion dollars to the time that the farmer was told that Federal subsidies to the farmer would not mean Federal control.

Then, too, there has been the ideological development throughout the past few years where it was popular to be considered a liberal—for I think so many people connote from the word "liberal"—liberty—when in truth and in fact the current application of this definition is a total distortion of our concept of liberty and reminds me so much of certain countries behind the Iron and Bamboo Curtains who refer to a people's democracy.

The 19th century liberal advocated liberating individuals from restrictions and controls of government whereas the 20th century liberal, quite to the contrary, advocates more controls and more government—not less government—advocates more regimentation of the people and business—not less support of the people by the government.

The Constitution is very dear to me and I think very positively that it was drawn to combat the centralist theory and to create a reasonable working balance between Federal and State powers and responsibilities. The Constitution very specifically delegates certain of the powers of the States to the Federal Government and very specifically reserves all of those rights which are not delegated to the sovereign States. Basically the Constitution delegates to the Federal Government those truly national tasks which can be performed only by and at the Federal level of government, such as national defense and foreign affairs and, second, certain other functions which, though they could be performed by the States, it would be adverse to the interests of all of our citizens generally if they were so performed. Examples of this would be the establishment of a national system of weights and measures, a currency system, a postal system, rules and regulations dealing with the commerce between States and commerce with foreign nations, procedures in regard to bankruptcy and naturalization and immigration. These matters were reserved to the Federal Government—to the Congress—not because they could be dealt with only at the Federal level, but because of the chaotic condition that we would find ourselves in if they were left to the several States.

And as I have said, the Constitution specifically provides for reserving to the States, that is, to the people—all powers not delegated to the Congress nor prohibited to the States. Let me say that this makes more sense today and it appears to me to be more necessary today than it was in 1787.

As a result of our permitting the Central Government to assume jurisdiction over and responsibility for functions which should belong at the State and local levels and which in truth and fact have been reserved to the States under the Constitution, we have seen the Federal Government get entirely out of hand in regard to size, as I mentioned earlier. Today 1 out of every 6 workers in the United States is employed by some branch of Government, either Federal, State, or local, and 1 out of 22.1 is employed by the Federal Government or some instrumentality or agency thereof. Of all spending for goods and services in the

United States, Government accounts, Federal, State, and local, for \$1 out of every \$5. But Federal Government spending alone accounts for \$1 out of every \$8.59.

Workers on public payrolls number 12.3 million. Fifteen years ago there were 7.1 million. The Federal Government's employees account for 5.3 million of these and, as a matter of fact, under the present administration, we have seen employment in the Federal Government—civilian employees—increase at the rate of 4,000 each and every month.

Taxes and other Government receipts amount to 35 percent of the total national income. The Federal Government is now collecting \$107.1 billion a year in all of its various funds as opposed to all local and State governments' income of only \$52.6 billion. One dollar out of every \$4.50 of personal income in the United States is accounted for by direct Government payments, with \$1 out of every \$8.56 by direct payments by the Federal Government. Of the total outlays for construction in the United States, the Government accounts for \$1 out of every \$4—with \$1 out of \$9.37 being the Federal Government. Spending by public agencies, Federal, State, and local, total \$165 billion a year, of which \$104.9 billion again is Federal Government agencies spending.

Another consequence of permitting the Federal Government to assume jurisdiction over the proper functions of the State governments is the fact that the Federal Government has its attention diverted from the truly national tasks. During the 1st session of the 88th Congress, we have seen so many examples of both the President and the Congress devoting their time to relatively small matters. We have bills that take up days of debate that involve strictly local and sectional issues; such as feed grains legislation, bills to control the raising of peanuts that are used for boiling, urban renewal matters, so-called depressed areas bills, mass transit bills, juvenile delinquency, and waste treatment. We pay a terrifically large price for the administrative and congressional time that is devoted to these matters which should be handled by local governments to the neglect of truly national matters which should take 100 percent of the time of the Federal Government. After spending over a \$100 billion to combat and contain communism around the world, we have allowed the Communists to take over Cuba. We have seen our relations get bad with Canada, France, England, Latin America. We have seen the situation deteriorate in Korea, Vietnam, Laos, the Congo. We have had some unpleasant experiences with Sukarno in Indonesia.

Everyone admits that defense costs are excessive, that there is waste because of insignificant matters such as the three branches of the Government failing to get together on the size of the belt loops. There is a sharp difference between the experts over the best defense and the debate continues today over missiles, manned bombers, and other matters—but we are making these truly national tasks a part-time job when they should be important enough as to require the full attention and energy of the Congress, the administration and all of those at the Federal level of Government. In the United States we have the abilities, the talents, the capabilities for competent national leadership—and our attention at the Federal level should be directed to these types of matters and not wasted on matters which are not really Federal business.

Under the big central government theory, it is necessary to retain punitive tax rates or go bankrupt. Under the big central government theory, the doctrine is advocated that government must support the people and this required an ever-widening array of benefits that these political theorists are

saying that the Federal Government should provide. In effect they say that the people are too stupid to buy for themselves. It is obvious that the only income of the Federal Government is the resources of the Nation and the resources of its people, but somehow or other, it seems politically advantageous to foster the illusion that somebody else is paying. As a matter of fact, it has even gotten to the point that certain of our political theorists in high positions no longer feel that taxes are for the purpose of raising revenue, but rather are for the purpose of redistributing the wealth.

And while I am touching upon taxes, I want to commend the Junior Chamber of Commerce for the position which it has taken at its national conventions in recent years in support of the Herlong-Baker-type tax reduction which definitely ties the tax reduction to a balanced budget. This approach is the approach of sound and sensible people.

There is another consequence of the permission of big central government. It is the technique of promoting centralism by asserting the imminence of crisis which requires Federal intervention. It has been a very useful tool in the hands of those who advocate big central government for a good many years now. Many times the crisis is not real and apparently one that is fiction serves just as well to support the theory that the Federal Government knows what to do, is ready to do it, and able to act in the alleged emergency—and further supports the theory that the States are unwilling or financially unable to act. In recent weeks we have seen the House and Senate pass the aid to higher education bill. If you read the CONGRESSIONAL RECORD, you will find the debate on this issue—which involves subsidies for the construction of buildings on college campuses—to center basically around the very urgent need for assistance in this area. You would think from reading and hearing this debate that the institutions of higher education across this country are paupers and unable to construct a single building over and beyond a simple toolshed. However, if you will examine the debate in the House of Representatives, you may notice that during the colloquy between myself and the gentleman from Connecticut [Mr. GIAMMO], I very specifically asked the gentleman if he could point out to me any structure built on a college campus within the last 10 years that gives the appearance of having been built under an austerity budget. As I explained then, I am sure that there are some but I know they must be in the minority for every building that I have seen that has been erected on a college campus in the past few years, at least since the Second World War, does not give the appearance of an austerity budget and my request that some of these be named still remains unanswered.

The inaction on the part of local people is usually due to their realization that there is no emergency. We recently had testimony before the Select Subcommittee on Labor of the House Education and Labor Committee of which I am a member, in regard to the Manpower Development and Training Act. As this bill was originally enacted, it provided for the Federal Government to pay the full financial load for the first 2 years and thereafter for the program to be handled on a 50-50 matching basis with the States. Only about five States considered it of sufficient priority to enact the necessary legislation in their State legislatures to participate in the program after it became a 50-50 program. A witness from the State of California indicated in direct response to some of my questions that it was necessary for the Federal Government to continue 100 percent financing of this program because we in the Federal Government knew what

was better for the people of California than the local legislature did—and further that it would be impossible or virtually impossible to get any appropriation out of the California Legislature for such a program because as he stated it, "in California you have to support your request for appropriations with facts." An obvious reference to the fact that so many people feel that you do not have to support the request for an appropriation with facts when you are dealing at the Federal level.

Another very serious consequence of permitting the Federal Government to assume the responsibility for local projects and allowing the Federal Government to grow so large is the fact that the Federal Government begins to extend its operations far beyond the scope of public functions into the field of private business. The Government competes on very unequal terms with its taxpaying citizens who are in private business. Private business must supply the capital and sustain the losses of its ventures whereas in the Government operation, there is no incentive of making a profit and as a consequence, losses are inconsequential. The Treasury supplies bank funds at interest rates below its own cost of borrowing in many instances. REA borrows money at 2 percent less than the Federal Government pays for borrowing this same money.

The framers of our Constitution thought that we could handle our own affairs but we have been constantly granting to big Federal Government more and more authority. It is obvious that the Government is a lousy businessman. It is obvious that the Government is an incompetent manager. It is obvious that Americans are good businessmen and excellent managers. Where we get the idea that Government can do it better—big government—the Federal Government—baffles me. All evidence is to the contrary. In this area of Government encroaching upon private enterprise, we find political theorists today that say that the public sector is destitute and the private sector is filthy rich. The public sector means government—and the private sector means individual enterprise. A high Government official says: "The choice our Government must make is a choice between the public interest and private comfort."

Another Government planner says: "We have not provided the public sector with enough money to keep up with the private sector. People are spending their money on pleasures and gadgets and automobiles that they do not need." In other words, the Government must take from the people the money they are unwisely spending and spend it for them, wisely. Senator HARRY BYRD, chairman of the Senate Finance Committee, says the combined debt of all Federal Government agencies and instrumentalities is \$1,242,000,000,000—6,642 for every man, woman, and child—or 27,500 for every family of four. Is the public sector which has incurred that much debt underprivileged? Consumer debt in the private sector is only \$56 billion or a little less than \$3,000 per capita—or less than \$12,000 for each family of four. The Federal Government's income has increased by about 20 times since I was born. The private sector's income only about four times. Whatever is or is not wrong with public services, it cannot be said that they have been deprived of money.

The big difference is that businesses operating in the private sector have two important incentives: one, they must compete and, two, they must have a profit. Take away these two necessities and you have a listless organism. The Government need not make a profit and it need not compete.

I would like to commend to your attention an article appearing in the September 9 issue of U.S. News & World Report entitled "Big Government In United States Getting

Too Big?" This article very aptly points out that with increased spending goes a rise in the power over business and over the lives of our individual citizens. It points out how the present administration is asking that the vast spending power of Government be used to coerce communities and corporations into doing what the Government demands and the increasing demands on the part of bureaucrats is for still more power to be lodged in the Federal Government involving new programs, calling for new spending and new tasks for the Federal police to carry out.

Today the Federal Government is seeking the power to police all race relations, the power to investigate and haul into court all businessmen whose customers complain of discrimination, the power to grant or deny billions of dollars annually to projects and communities depending upon how they accept or fail to accept the rules laid down in Washington, the power to take away deposit insurance of banks or mortgage guarantees if Federal wishes are not complied with, the power to use the FBI in policing activities once considered local, the added power to regulate the stock market, the power to set up a youth corps to work in cities, the power to set up a conservation corps to work in the countryside, the power to aid mass transit plans in cities—all of this in addition to the existing powers that include, among others, the power that goes with cash spending of \$120 billion every year; the power to enforce minimum wages and maximum hours of work; the power to police labor relations; the power to support farm prices and restrict output; the power to grant or deny subsidies in a wide range of fields; the power to grant or deny loans for many purposes; the power to condemn private property for an increasing range of Federal projects; the power to police private business practices in many areas; the power to regulate transportation and communications.

Today the Government, under the Area Redevelopment Act, has the money and the power to help local communities. This power can be used to help some communities while overlooking the plight of others—and so it is with these other projects that I have mentioned—Domestic Peace Corps, Youth Conservation Corps, mass transit, and all of these other various projects that they are looking for.

Under the conditions which we live today, every individual, every businessman, every corporation runs into the long arm of the Federal Government at nearly every turn. The Justice Department and the Federal Trade Commission are constantly on the alert to detect evidence of mergers or pricing practices that the Government might think is illegal. The Federal Trade Commission polices advertising, labeling of products, and other activities of business. There is a proposal now before the Congress to create more power in supervising the design of packages. The National Labor Relations Board supervises union elections for bargaining power, keeps an eye on union contracts with employers. There is another agency to enforce the payment of minimum wages that I made reference to and to see that prevailing wages are paid in various regions by Government contractors. There is now legislation pending before the Congress to amend the Davis-Bacon Act to include certain fringe benefits in figuring prevailing wages. Rates of numerous kinds are regulated by the Federal Government—railroads, electric power companies, pipelines, interstate truckers, bargelines—you name it—and the Government is telling us where the airplanes can fly and they can pay or withhold the subsidy to the airline companies as they see fit. Radio and television stations operate under Government license and cannot turn a cold shoulder to a power-hungry Federal Government. Shipping lines and shipbuild-

ers quite often operate under Federal subsidy. About a third of the country's agriculture operates under Government controls in one form or another with price supports for an equal share of the farm community. Production controls are applied to many of the crops that are price supported.

The Government is involved in banking, with over a third of the home mortgages guaranteed by the Federal Housing Administration or the Veterans' Administration. The bank deposits are guaranteed and supervised by the Government and building and loan associations are supervised by a different agency. We have the Export-Import Bank that makes direct loans to finance exports and various sorts of insurance guarantees for exports made by American firms.

Some of these are obviously proper Government functions—but many of them are not. If we stop and think for a few minutes, we will find that there are very few areas of our daily lives that are not now within the scope of the all-powerful Federal Government. Programs are piled on top of programs. Workers are retrained under the Manpower Development and Training Act. They are retrained under the Area Redevelopment Act. There are provisions under the Trade Expansion Act for the retraining of workers. Vocational education is given under the Vocational Education Act, under Smith-Hughes, under George-Barden—and I was told by a Member of Congress the other day, who has done some research into this area, that he has already found over 13 different programs under which a worker can be retrained and he believes that there are about 10 more. Obviously the answer is not the retraining of workers. The answer is jobs. So you retrain a worker under all 13 of these programs and without jobs, you have only trained him so that he knows what kind of work he is out of. But this gets us away from the point that I have tried to make in this discussion with you. I know that I have talked too long and perhaps rambled on away from the subject to some extent—and for this I apologize.

I am one of those who believes we are destroying the people we are trying to help in turning so many of our freedoms and liberties over to the Federal Government. I mean that when a farmer is paid for not farming, we are encouraging idleness, indigence, apathy, and decay. I mean that when any American gets sick and counts on the Government to pay, that there is no inducement for him to work and save for the rainy day. I believe that when shipbuilders and airline operators can always rely on a Federal subsidy that there is no reason for them to try for efficiency and improvement. This list could be expanded on and on and on—but I say that Washington's deepening intrusion into our daily lives is nobody's fault but our own. We keep asking the Federal Government to take over and do for us those things which traditionally we have been doing for ourselves. We make a lot of Fourth of July speeches but we still vote for Santa Claus. We seem to forget that government to perform increasing services has to get bigger and bigger and bigger—and we spoon fed, overtaxed and overweight get weaker and weaker and weaker.

The road that we are traveling with a big Central Government, with a welfare state, is the road of a dependent people. This great country is going in the direction of having so many of its people become dependent upon it.

The average age of the world's great civilizations is 200 years. The nations progressed through this sequence:

From bondage to spiritual faith; from spiritual faith to great courage; from courage to liberty; from liberty to abundance; from abundance to selfishness; from selfishness to complacency; from complacency to

apathy; from apathy to dependency; and from dependency back again into bondage.

In 13 years our United States will be 200 years old. This cycle is not inevitable—but I say that it depends upon our determination to keep a proper balance between the rights of our local governments and the rights of our Federal Government—and to keep the maximum amount of authority on a local level where it can be dealt with more efficiently, more economically, and nearer the people whose future it controls.

I thank you.

INTERNATIONAL MACHINERY FOR THE SUPERVISION OF DISARMAMENT AND THE MAINTENANCE OF PEACE

The SPEAKER. Under previous order of the House, the gentleman from New York [Mr. HALPERN] is recognized for 15 minutes.

Mr. HALPERN. Mr. Speaker, I call to the attention of the House the resolution introduced by a number of our colleagues and myself—my resolution being House Concurrent Resolution 219—requesting the President to explore the development of an effective international machinery for the supervision of disarmament and the maintenance of peace. An identical resolution has been introduced by Senator JOSEPH S. CLARK and a number of his colleagues in the other body.

An old proverb tells us that a journey of a thousand miles is started with a single step. Our Nation has taken the important first step by supporting the test ban treaty. The treaty alone cannot insure a just and lasting peace but if the leaders of the major nations of the world press for such a peace with honesty and diligence we can achieve the goal of a warless world.

Recognizing that the potential for destruction has attained frightening proportions, the United Nations General Assembly at its 14th session unanimously adopted "the goal of general and complete disarmament under effective international control."

President Eisenhower stated to the 15th General Assembly:

Thus, we see as our goal, not a superstate above nations, but a world community embracing them all, rooted in law and justice and enhancing the potentialities and common purposes of all peoples.

Subsequently, President Kennedy has affirmed:

Our primary long-range interest is general and complete disarmament—designed to take place by stages, permitting parallel political developments to build the new institutions of peace which would take the place of arms.

Mr. Speaker, we must wage peace as diligently as we once waged war. We must explore every avenue, and direct our energies along those paths which promise a reduction of world tensions and mutual distrust. We must take the leadership in creating a climate for peace.

To implement our avowed goal of a permanent peace, we are requesting the President to consider whether the development of effective international machinery for the supervision of disarmament and the maintenance of peace may

best be achieved by revision of the Charter of the United Nations, by a new treaty, or by a combination of the two. Such machinery might include, first, an International Disarmament Organization; second, a permanent World Peace Force; and, third, world tribunals for the peaceful settlement of international disputes, or such other international institutions as might be necessary for the enforcement of world peace under the rule of law.

This is not a "peace at any price" proposal. Rather, it is a logical and calculated step. Constant attention must be given to effective and adequate inspection and controls, and aggression in any form must be contained and eradicated.

The road to a peaceful world has indeed been a rocky one, and its pitfalls have frequently trapped the unwary. The mistakes made by gullible European leaders in the 1930's—sins committed in the name of peace—led not to peace, but to war.

We do not propose to make the same mistakes.

Mr. Speaker, I urge that this body take the leadership in the quest for a lasting and effective peace. A long step in that direction would be the adoption of the resolution I discuss here today. I fervently trust it will win committee and floor approval before this session of the 88th Congress adjourns.

U.S. FOREIGN POLICY IN THE PACIFIC AND SOUTHEAST ASIA AREAS

The SPEAKER. Under previous order of the House, the gentleman from Delaware [Mr. McDowell] is recognized for 30 minutes.

Mr. McDOWELL. Mr. Speaker, I am convinced that we have a great deal at stake in countries such as South Vietnam, Laos, Malaysia, and the Philippines. Many Americans share this view today.

Our interest in the Pacific is of rather recent origin. It is always hazardous to point to a single event as a special turning point in history. But I will take the risk and point a finger at Pearl Harbor. The surprise bombing of our naval installation there did more than catapult us into the Second World War. It seems to me that it marked the beginning of a new era of American involvement and responsibility in the Pacific. It was not that we had had no prior contact with that part of the world. Rather it was that before the Second World War our interest in the Pacific had been somewhat casual and sporadic.

The limited contact we had with the countries of the Pacific was mostly cultural and economic. These were more important than our political activities. Other countries such as Great Britain, France, and the Netherlands established colonies. The United States, with the exception of the Philippines, was not inclined to build up a large overseas empire. Instead, as one writer has aptly described it, we introduced Christianity, Concord grapes, and cash registers. Our

traders returned to the American shores with silks from Japan, jade from China, and tea from Formosa. In spite of growing commerce, the Pacific was a long distance away. It was a strange and unfamiliar region where the languages and religions and characteristics of the people were completely different.

We did not make any great effort to learn about the Pacific. Our attention was focused for the most part on this country and its ties with the West. This orientation encouraged us to look across the Atlantic rather than the Pacific. We followed our ancestry back to the Greeks and the Romans and studied the history of Europe. The usual college student, it is probably safe to say, knew more about the distant moon than he did about Korea, and more about ancient Rome than he did about the China of his own day. It was to be many years before the Pacific would be more than a remote exotic region to the United States, and before the countries in the area would present as they do now some of the most vital of the foreign problems of our times.

The foreign policy of the United States in the Pacific during pre-World War II years was somewhat vague and, at its best, fragmentary in its application. We were primarily concerned with trade opportunities. It was an outlook that was reflected in the diplomatic efforts of the time. The very first contacts of this country with the Pacific were the trading voyages to Canton in the earliest years of our history. In 1853 Commodore Perry paid his famous visit to Japan and opened the islands to the commerce of the world. The United States long maintained an interest in China, and we tried to keep the door open to that vast land. We took possession of the Philippines in 1898, but assumed the responsibility with some misgivings. At the time of the Boxer Rebellion in 1900 we sent a small military force to rescue and protect Americans in China. President Theodore Roosevelt played an important role in the Japanese-Russian peace in 1905. He aroused the enmity of the Japanese because they felt the provisions of the treaty favored Russia. We were hosts in 1922 to Great Britain, France, Italy, and Japan at the Washington Conference which set up a formula on the limitation of navies. However, it really was not until the late 1930's that the Pacific began to assume a position of major importance in American foreign policy. It was then that we became concerned over the expansion of Japanese power in the Pacific.

The Second World War had profound consequences. In the Pacific the positions of the former colonial powers, Great Britain, France, and the Netherlands were seriously weakened. They never regained the influence they enjoyed before the war. On the other hand, the United States found itself involved more completely than ever in this area. We had shouldered the greatest part of the war effort in the Pacific and, when victory came, American influence was predominant. We were in China

helping to sustain the tottering Nationalist Government of Chiang Kai-shek; we had regained possession of the Philippine Islands; and after the Japanese surrender we became the occupying power in Japan. The United States suddenly found itself in a position of unrivaled leadership in the Pacific.

There were those who believed that the efforts of the Second World War should prove to have been only a temporary involvement in the affairs of the Pacific. These people were hopeful that at the end of the war we might return to our preoccupation with America and the West. But it was not to be the case. Not only had modern means of transportation invalidated the idea that the Pacific was the Far East and far away. More important, the new global responsibilities of the United States made it impossible to disregard this key area of the world. Today, it is safe to say, Pacific affairs rate equally with European affairs in the attention it receives by our Government.

It seems to me that there are at least four basic reasons why the Pacific is important to us. In the first place, almost 60 percent of the people of the world live in the area of the Pacific, and we cannot afford to ignore such a large proportion of the world's population. Second, the Pacific is an area of turmoil and unrest, a fertile breeding ground for communism. It is worth while to remember that people are fighting small wars in the Pacific. Third, the Sino-Soviet split and rivalry has intensified the brash aggressiveness of the Communist Chinese, and they pose a serious threat to the independent countries in the Pacific. And, fourth, the development potential of the Pacific is tremendous. Japan has the world's fastest growing economy, and even the so-called backward countries are beginning to stir. These countries have a rich potential in human and material resources that we cannot risk losing to the forces of communism.

In this context, the tasks of U.S. foreign policy in the Pacific have been two. First, we have been helping to deter aggression and to maintain peace. We have worked to prevent threats to the independence of free countries in the Pacific. The United States has been willing and ready to respond to crises that may require our military power. Second, we have been assisting the peoples of the Pacific in their process of nation building. The military might of the United States has been a means and not an end. Its power has been used to protect the right of the countries of the Pacific to develop freely. And in this struggle for national development we have contributed generously in funds and material.

This, then, is the substance of the U.S. policy in the Pacific. The chief source of danger to our efforts on this front is communism, in particular Communist China. Compared to any of the other countries of the Pacific, Communist China is a strong military power. It has a very large army. The leaders seem to care little for human life. They have

shown a tendency to embark on reckless and even desperate ventures. They preach a doctrine that appeals to the disillusioned and downtrodden. Though the Communist camp has suffered a serious split, we cannot rule out the possibility that at some future time Peiping and Moscow will draw together again.

Turning to the other Communist countries in the Pacific, we find North Korea and North Vietnam driven dangerously by the same aggressive forces. They are small countries and not nearly so powerful as Communist China. Yet we see that North Vietnam has been able to mount campaigns of subversion and terrorism in Laos and South Vietnam. These attempts to undermine and destroy the independence of Laos and South Vietnam are a direct threat to the free world. The United States is firmly committed to oppose this threat and it has taken steps to see that aggression will not succeed in the Pacific.

We have been greatly concerned with the situation in South Vietnam. I recently spent a few days there. The United States is undergoing one of its severest tests in this small country. South Vietnam has been the major recipient of our assistance in the Pacific. The recent events there make it fitting that we examine the American policy toward South Vietnam. In order to put South Vietnam in the proper perspective, I think it is important to look back on its recent past. Vietnam was divided in 1954, after 8 years of terrible civil war. At the time there were very few who thought that South Vietnam had much chance of survival. It was beset by many problems. There were the armies of the rival religious sects; the economy was in complete ruin; and a flood of almost 800,000 destitute refugees had descended from the north. But South Vietnam was able to survive, and, in many ways, its recovery was miraculous.

South Vietnam, led by its President, Ngo Dinh Diem, effectively integrated the vast influx of refugees into its society; the armies of the rival religious groups were overpowered; major agrarian and educational reform plans were carried out; food production was increased impressively; and in general South Vietnam was making progress at a rate that would have been respectable even for a country enjoying peace. It was probably this very progress that brought on a sudden intensification of the guerrilla war directed from North Vietnam. In 1960 this campaign to reduce South Vietnam to ruin was openly announced from Hanoi. The response of the United States to the Communist challenge was immediate. We substantially increased military and economic assistance to South Vietnam. Throughout we have stressed the equal importance of political and social measures if victory was to be achieved. There were no illusions. It was understood that a quick and spectacular victory could not be expected and that it would take persistent effort by the Vietnamese and ourselves over a long period of time. Here I might make

the very observation that we have not been disappointed in the expectation.

To be frank, the war in South Vietnam was being lost in 1961 when we decided to begin our aid buildup. The attacks of the Vietcong guerrillas were increasing in frequency and intensity. Government officials were being assassinated in the countryside at the appalling rate of eight each day. And there was considerable fear that the Communists would soon be able to gain firm control of some of the more remote areas and set up a seat of government which the Communist bloc could recognize and aid.

The U.S. decision to intensify its support of South Vietnam quickly led to an improvement in the situation. We provided additional military equipment, technical advisers, and substantial financial help. By 1962 attacks by the Vietcong guerrillas declined steadily. Roads and rail lines were once again opened to traffic. Officials were no longer so vulnerable to attempts on their lives. And perhaps most important there were no areas where the Vietcong were immune to government penetration. There were many indications of progress, and there seemed to be reason for optimism.

Then suddenly the situation in South Vietnam took a sharp turn for the worse. I am speaking, of course, of the Buddhist crisis. The conflict between the government of President Ngo Dinh Diem and the Buddhists and their sympathizers placed a tremendous stress on a country that was already involved in a critical war with the Communist enemy. It was a very serious matter, and yet President Diem did not take the proper steps to eliminate the problem. He thought he could stamp it out. We made ourselves abundantly clear about our view of the situation. In its official statements the United States stood firmly for religious freedom in its foreign policy as well as in its domestic life. It expressed its deep concern about the Buddhist issue in South Vietnam, not only because of our belief in the ideal of freedom but also because the dispute could only help the Communist Vietcong guerrillas.

We hoped that this issue could be promptly and justly resolved. President Diem, however, did not take the necessary measures to defuse the highly explosive situation. The result was that on November 1 a sudden coup d'etat swept President Diem from power. A new provisional government was set up, headed by a military junta under Gen. Duong Van Minh. During the rebellion President Diem met with a violent and ignominious death. There is something tragic about that because, at one time, he had been a national hero who fought with courage against great odds.

The fact that the government of President Diem has been overthrown does not mean that the problems that existed have now suddenly disappeared into thin air. The provisional government of South Vietnam, however, gives every appearance of offering the kind of leadership the South Vietnamese people want—greater personal freedom and

liberty and more vigorous prosecution of the war against the Communists. It is of course too early to be absolutely certain, but the new government seems extremely conscious of the failures of the preceding regime of President Diem and is taking steps to correct them. The new government has vowed to guarantee fundamental liberties, in particular, freedom of religion and freedom of opinion. It has also promised to rewrite the constitution and pave the way for free elections within the next year. We have been encouraged by such expressions of intent.

We also recognize, however, that South Vietnam remains a country with few democratic traditions. There is the risk that the new leaders will drift toward dictatorial rule. The experiences in other countries where the military have taken over the reins of power should make us view the ruling junta in South Vietnam with caution. And aside from this uncertainty the problem of the Vietcong guerrillas still exists. These dedicated Communists remain very strong and very determined. It appears, in fact, that they have stepped up their attacks in recent days. There is no sign that the Communist bloc is faltering in its support of the Vietcong. We are dealing with an enemy that is patient and that is willing to suffer adversity. There still is going to be a long, hard struggle ahead in South Vietnam before we achieve a final victory.

There are good reasons to be optimistic but cautious about the future. The Vietnamese have demonstrated their capacity for sacrifice and their determination to survive as a free people. In South Vietnam the Communist attempt to dominate the Pacific area has been halted. To appropriate a phrase that President Kennedy used in his state of the Union message, the spearpoint of Communist aggression has been blunted in South Vietnam. It is a statement with an optimistic ring to it, and I think we are justified in feeling hopeful about the situation there. We enjoy an advantage which the Communists have not been able to match. In South Vietnam and in the Pacific area as a whole we are working in free association with free peoples. There is no stronger basis of relationship between countries. It seems to me that the American commitment in the Pacific is essentially a wise one, and it deserves our continuing support.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. KING of California (at the request of Mr. ALBERT), for today and tomorrow, on account of official business.

Mr. JOHNSON of Wisconsin (at the request of Mr. BURLISON), for the balance of the week, on account of official business.

Mr. ROOSEVELT, for November 14 and 15, 1963, on account of official business in Los Angeles.

Mr. WEAVER (at the request of Mr. HECHLER), on account of official business.

Mr. KARTH (at the request of Mr. HECHLER), on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. PUCINSKI, for 10 minutes, today.

Mr. BRUCE (at the request of Mr. REIFEL), for 1 hour, on November 13.

Mr. SIBAL (at the request of Mr. REIFEL), for 1 hour, on November 21.

Mr. HALPERN (at the request of Mr. REIFEL), for 15 minutes, today.

Mr. DERWINSKI (at the request of Mr. REIFEL), for 15 minutes, on November 14.

Mr. McDOWELL (at the request of Mr. MATSUNAGA), for 30 minutes, today, to revise and extend his remarks, and include extraneous matter.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. STEED the remarks he made earlier today and to include a tabulation.

(The following Members (at the request of Mr. REIFEL) and to include extraneous matter:)

Mr. BARRY.

Mr. CURTIS.

(The following Members (at the request of Mr. MATSUNAGA) and to include extraneous matter:)

Mr. COOLEY.

Mr. LEGGETT.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 2073. An act to authorize the Secretary of the Interior to convey certain submerged lands to the Governments of Guam, the Virgin Islands, and American Samoa, and for other purposes;

H.R. 3488. An act to provide for the striking of medals in commemoration of the 150th anniversary of the statehood of the State of Indiana;

H.R. 5244. An act to modify the project on the Mississippi River at Muscatine, Iowa, to permit the use of certain property for public park purposes; and

H.R. 7193. An act to provide for the striking of medals in commemoration of the 50th anniversary of the founding of the first union health center in the United States by the International Ladies' Garment Workers' Union.

ADJOURNMENT

Mr. MATSUNAGA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 9 minutes p.m.) the

House adjourned until tomorrow, Thursday, November 14, 1963, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1363. A letter from the Administrator, General Services Administration, transmitting a report on the progress of the liquidation activities of the national defense, war and reconversion activities of the Reconstruction Finance Corporation as of the period ended September 30, 1963, pursuant to Public Law 163, 83d Congress and Reorganization Plan No. 1 of 1957 (22 F.R. 4633); to the Committee on Banking and Currency.

1364. A letter from the Acting Secretary of Agriculture, transmitting a draft of a proposed bill entitled "A bill to amend 18 U.S.C. 1114, relating to assaults and homicides, and for other purposes"; to the Committee on the Judiciary.

1365. A letter from the Secretary of the Interior, transmitting the report on the study of the causes and prevention of injuries, health hazards, and other health and safety conditions in metal and nonmetallic mines conducted pursuant to the act of September 26, 1961, Public Law 87-300; to the Committee on Education and Labor.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DULSKI: Committee on Post Office and Civil Service. H.R. 10. A bill to extend the apportionment requirement in the Civil Service Act of January 16, 1883, to temporary summer employment, and for other purposes; with amendment (Rept. No. 897). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON of New Jersey: Joint Committee on the Disposition of Executive Papers. House Report No. 898. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. MORRISON: Committee on Post Office and Civil Service. H.R. 8986. A bill to adjust the rates of basic compensation of certain officers and employees in the Federal Government, and for other purposes; without amendment (Rept. No. 899). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GRABOWSKI:

H.R. 9104. A bill to provide Federal assistance for projects which will demonstrate or develop techniques and practices leading to improved methods of education of students with epilepsy in public and private schools and institutions of higher learning; to the Committee on Education and Labor.

By Mr. JOELSON:

H.R. 9105. A bill to amend title II of the Social Security Act to extend the period within which (in certain cases) the adoption of a child by the surviving spouse of an insured individual will entitle such child

to benefits on such individual's wage record; to the Committee on Ways and Means.

H.R. 9106. A bill to establish a Commission on Congressional Reorganization, and for other purposes; to the Committee on Rules.

By Mr. KNOX:

H.R. 9107. A bill to amend the Internal Revenue Code of 1954 to provide a 10-year net operating loss carryover for losses arising from expropriation, intervention, or confiscation of property by governments of foreign countries and to specify the tax treatment of the recovery of such losses; to the Committee on Ways and Means.

By Mr. MACDONALD:

H.R. 9108. A bill to amend title VII of the Public Health Service Act so as to extend to qualified schools of optometry and students of optometry those provisions thereof relating to student loan programs; to the Committee on Interstate and Foreign Commerce.

By Mr. MATHIAS:

H.R. 9109. A bill to prohibit interference with the free exercise of religion; to the Committee on the Judiciary.

By Mr. SCHWEIKER:

H.R. 9110. A bill to provide for the health care of senior citizens through a program of voluntary medical and hospital insurance and tax credits, and for other purposes; to the Committee on Ways and Means.

By Mr. STAEBLER:

H.R. 9111. A bill to amend the Small Business Act to authorize loans to small-business concerns injured by their inability to process and market certain products because of disease or toxicity in such products; to the Committee on Banking and Currency.

By Mr. BROYHILL of North Carolina:

H.R. 9112. A bill to grant officers and employees subject to the Civil Service Act of January 16, 1883, the opportunity to examine and reply to certain evaluations of their promotion qualifications, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. MARSH:

H.R. 9113. A bill to amend section 620 of the Foreign Assistance Act of 1961 to prohibit the furnishing of economic assistance to any country which does not grant to the United States most-favored-nation treatment with respect to the admission of our exports; to the Committee on Foreign Affairs.

By Mr. COHELAN:

H.R. 9114. A bill to provide a method for collection of certain erroneous payments of water rents in the District of Columbia; to the Committee on the District of Columbia.

By Mr. EDWARDS:

H. Con. Res. 235. Concurrent resolution relative to planning for peace; to the Committee on Foreign Affairs.

By Mr. SMITH of California:

H. Con. Res. 236. Concurrent resolution expressing the sense of the Congress that the President should instruct the U.S. mission to the United Nations to bring the Baltic States question before that body with a view to obtaining the withdrawal of Soviet troops from Lithuania, Latvia, and Estonia; the return of exiles from these nations from slave-labor camps in the Soviet Union; and the conduct of free elections in these nations; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CAREY:

H.R. 9115. A bill for the relief of Georgious Kaloides; to the Committee on the Judiciary.

By Mr. EDWARDS:

H.R. 9116. A bill for the relief of Prof. and Mrs. Evangelos Moustakas; to the Committee on the Judiciary.

By Mr. FASCELL:

H.R. 9117. A bill for the relief of Dr. Rafael L. Fernandez Rivas; to the Committee on the Judiciary.

By Mr. McDADE:

H.R. 9118. A bill for the relief of Ernest J. Carlin; to the Committee on the Judiciary.

By Mr. STINSON:

H.R. 9119. A bill for the relief of Agaram K. Sreekanth; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

450. The SPEAKER presented a petition of Charles W. Winegarner, legislative secretary, Citizens Congressional Committee, Los Angeles, Calif., to take the initial steps necessary to bring about an amendment to the Constitution of the United States which will forever guarantee the protection of our Christian traditions and the right of our people to pray and honor Holy Scripture in their institutions, which was referred to the Committee on the Judiciary.

SENATE

WEDNESDAY, NOVEMBER 13, 1963

(Legislative day of Tuesday,
October 22, 1963)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by Hon. LEE METCALF, a Senator from the State of Montana.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Eternal God, in whose peace our restless spirits are quieted: From the flickering torches of our own understanding, into Thy holy light we would lift the difficult decisions of the public service which are focused within these walls. In the brooding silence of this still moment may the open windows of faith flood our darkness with the radiance of the eternal, that in Thy sunshine's blaze this toiling day may brighter, fairer be.

We give Thee thanks for all interpreters of Thy mind who, with brush or pen or winged words, bring even one more syllable of reality, one more gleam of the truth which makes men free. Clothe our failing flesh with Thy renewing grace, as now we bring our incompleteness to Thy completeness. Grant us inner greatness of spirit and clearness of vision to meet and match the large designs of this glorious and challenging day, that we may keep step with the drumbeat of Thy truth which is marching on.

In the dear Redeemer's name we pray.
Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., November 13, 1963.
To the Senate:

Being temporarily absent from the Senate, I appoint Hon. LEE METCALF, a Senator

from the State of Montana, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mr. METCALF thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, November 12, 1963, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE— ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

H.R. 2073. An act to authorize the Secretary of the Interior to convey certain submerged lands to the governments of Guam, the Virgin Islands, and American Samoa, and for other purposes;

H.R. 3488. An act to provide for the striking of medals in commemoration of the 150th anniversary of the statehood of the State of Indiana;

H.R. 5244. An act to modify the project on the Mississippi River at Muscatine, Iowa, to permit the use of certain property for public park purposes; and

H.R. 7193. An act to provide for the striking of medals in commemoration of the 50th anniversary of the founding of the first union health center in the United States by the International Ladies' Garment Workers' Union.

TRANSACTION OF ROUTINE BUSINESS

On request of Mr. MANSFIELD, and by unanimous consent, it was ordered that there be a morning hour, with statements limited to 3 minutes.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nomination on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The ACTING PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, and withdrawing the nominations of Col. Alfred Carlisle Harrison, Col. Erwin Case

Hostetler, Col. Robert Louis Stevenson, and Col. Thomas Roberts White, all of the Adjutant General's Corps, for appointment as Reserve commissioned officers of the Army in the grade of major general, which nominating messages were referred to the Committee on Armed Services.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations submitted:

By Mr. JOHNSTON, from the Committee on Post Office and Civil Service:

One hundred and sixty-six postmaster nominations.

By Mr. MAGNUSON, from the Committee on Commerce:

Otto E. Graham, Jr., to be a member of the permanent commissioned teaching staff of the Coast Guard Academy, as an associate professor with the grade of commander; and William R. Gill, and sundry other persons, for appointment in the U.S. Coast Guard.

The ACTING PRESIDENT pro tempore. If there be no further reports of committees, the nomination on the Executive Calendar will be stated.

FEDERAL TRADE COMMISSION

The Chief Clerk read the nomination of Philip Elman, of Maryland, to be a Federal Trade Commissioner for the term of 7 years, from September 26, 1963.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The ACTING PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

On motion of Mr. MANSFIELD, the Senate resumed the consideration of legislative business.

CONGRATULATIONS TO NATIONAL ACADEMY OF SCIENCES AND THE NATIONAL RESEARCH COUNCIL

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 619, Senate Resolution 218.

The motion was agreed to; and the resolution (S. Res. 218) conveying to the National Academy of Sciences and the National Research Council congratulations for its contributions to science and technology was considered and agreed to, as follows:

Resolved, That the Senate hereby joins with the President and people of our Nation in conveying to the National Academy of Sciences and the National Research Council of such Academy congratulations and appreciation for the many outstanding contributions made by the Academy during the

past one hundred years, and in expressing high confidence that the Academy will continue to serve the best interests of this country and all mankind.

The preamble was agreed to.

TRANSACTION OF ROUTINE BUSINESS

The ACTING PRESIDENT pro tempore. Under the order previously entered, morning business is in order.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MAGNUSON, from the Committee on Appropriations, with amendments:

H.R. 8747. An act making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1964, and for other purposes (Rept. No. 641).

By Mr. JOHNSTON, from the Committee on Post Office and Civil Service, with amendments:

S. 1561. A bill to amend the Federal Employees Health Benefits Act of 1959 (Rept. No. 642).

By Mr. SPARKMAN, from the Committee on Banking and Currency, without amendment:

S.J. Res. 129. Joint resolution to amend section 702 of the Housing Act of 1954 to increase the amount available to the Housing and Home Finance Administrator for advances for planned public works (Rept. No. 643).

REPORT OF JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES—FEDERAL STOCKPILE INVENTORIES

Mr. BYRD of Virginia. Mr. President, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, I submit a report on Federal stockpile inventories as of July 1963. I ask unanimous consent to have the report printed in the Record, together with a statement by me.

There being no objection, the report and statement were ordered to be printed in the Record, as follows:

FEDERAL STOCKPILE INVENTORIES, JULY 1963 INTRODUCTION

This is the 44th in a series of monthly reports on Federal stockpile inventories. It is for the month of July 1963.

The report is compiled from official data on quantities and cost value of commodities in these stockpiles submitted to the Joint

Committee on Reduction of Nonessential Federal Expenditures by the Departments of Agriculture, Defense, Health, Education, and Welfare, and Interior, and the General Services Administration.

The cost value of materials in inventories covered in this report, as of July 1, 1963, totaled \$13,821,993,372, and as of July 31, 1963,

they totaled \$13,756,165,745, a net decrease of \$65,827,627 during the month.

Different units of measure make it impossible to summarize the quantities of commodities and materials which are shown in tables 1, 2, 3, 4, and 5, but the cost value figures are summarized by major category, as follows:

Summary of cost value of stockpile inventories by major category

Major category	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month
Strategic and critical materials:			
National stockpile ¹	\$5,816,508,200	\$5,813,052,400	-\$3,455,800
Defense Production Act.....	1,499,504,900	1,496,434,900	-3,070,000
Supplemental—barter.....	1,338,072,033	1,340,697,172	+2,625,139
Total, strategic and critical materials ¹	8,654,085,133	8,650,184,472	-3,900,661
Agricultural commodities:			
Price support inventory.....	4,715,435,333	4,652,255,144	-63,180,189
Inventory transferred from national stockpile ¹	127,608,991	126,990,583	-618,408
Total, agricultural commodities ¹	4,843,044,324	4,779,245,727	-63,798,597
Civil defense supplies and equipment:			
Civil defense stockpile, Department of Defense.....	36,568,627	35,470,752	-1,097,875
Civil defense medical stockpile, Department of Health, Education, and Welfare.....	187,671,055	189,727,955	+2,056,900
Total, civil defense supplies and equipment.....	224,239,682	225,198,707	+959,025
Machine tools:			
Defense Production Act.....	2,208,600	2,208,600	—
National Industrial Reserve Act.....	90,108,500	90,108,500	—
Total, machine tools.....	92,317,100	92,317,100	—
Helium.....	8,307,133	9,219,739	+912,606
Total, all inventories.....	13,821,993,372	13,756,165,745	-65,827,627

¹ Cotton inventory valued at \$128,409,100 withdrawn from the national stockpile and transferred to Commodity Credit Corporation for disposal, pursuant to Public Law 87-548, during August 1962.

Detailed tables in this report show each commodity, by the major categories summarized above, in terms of quantity and cost value as of the beginning and end of the month. Net change figures reflect acquisitions, disposals, and accounting and other adjustments during the month.

The cost value figures represent generally the original acquisition cost of the commodities delivered to permanent storage locations, together with certain packaging, processing, upgrading, et cetera, costs as carried in agency inventory accounts. Quantities are stated in the designated stockpile unit of measure.

Appendix A to this report, beginning on page 19, includes program descriptions and statutory citations pertinent to each stockpile inventory within the major categories.

The stockpile inventories covered by the report are tabulated in detail as follows:

Table 1: Strategic and critical materials inventories (all grades), July 1963 (showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in

terms of quantity as of the end of the month).

Table 2: Agricultural commodities inventories, July 1963 (showing by commodity net changes during the month in terms of cost value and quantity).

Table 3: Civil defense supplies and equipment inventories, July 1963 (showing by item net changes during the month in terms of cost value and quantity).

Table 4: Machine tools inventories, July 1963 (showing by item net changes during the month in terms of cost value and quantity).

Table 5: Helium inventories, July 1963 (showing by item net changes during the month in terms of cost value and quantity).

New stockpile objectives

The Office of Emergency Planning is in the process of establishing new objectives for strategic and critical materials. Table 1 of this report reflects the new objectives for 12 materials.

Appendix B contains excerpts from the Office of Emergency Planning statement setting forth the new policy with respect to objectives for strategic and critical materials.

TABLE 1.—Strategic and critical materials inventories (all grades), June 1963 (showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)

Commodity	Cost value			Unit of measure	Quantity				
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month		Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Maximum objective ¹	Excess over maximum objective
Aluminum, metal:									
National stockpile.....	\$487,680,600	\$487,680,600	—	Short ton.....	1,128,989	1,128,989	—	—	—
Defense Production Act.....	437,587,600	435,124,700	-\$2,462,900	do.....	866,581	861,710	-4,871	—	—
Total.....	925,268,200	922,805,300	-\$2,462,900	do.....	1,995,570	1,990,699	-4,871	2,450,000	1,540,699
Aluminum oxide, abrasive grain:									
Supplemental—barter.....	14,112,607	14,129,453	+16,846	do.....	47,305	47,639	+334	(0)	47,369

See footnotes at end of table.

TABLE 1.—Strategic and critical materials inventories (all grades), June 1963 (showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)—Continued

Commodity	Cost value			Quantity					
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Unit of measure	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Maximum objective ¹	Excess over maximum objective
Aluminum oxide, fused, crude:									
National stockpile	\$21,735,100	\$21,735,100		Short dry ton	200,093	200,093			
Supplemental—barter	22,747,400	22,747,400		do.	178,266	178,266			
Total	44,482,500	44,482,500		do.	378,359	378,359		200,000	178,359
Antimony:									
National stockpile	20,488,000	20,488,000		Short ton	30,301	30,301			
Supplemental—barter	12,245,709	12,501,785	+\$256,076	do.	21,072	21,483	+4,11		
Total	32,733,709	32,989,785	+256,076	do.	51,373	51,784	+411	70,000	(9)
Asbestos, amosite:									
National stockpile	2,637,600	2,637,600		do.	11,705	11,705			
Supplemental—barter	6,325,124	6,468,914	+143,790	do.	25,600	26,239	+639		
Total	8,962,724	9,106,514	+143,790	do.	37,305	37,944	+639	45,000	(9)
Asbestos, chrysotile:									
National stockpile	3,356,200	3,356,200		Short dry ton	6,224	6,224			
Defense Production Act	2,102,600	2,102,600		do.	2,848	2,848			
Supplemental—barter	3,934,500	3,934,500		do.	5,632	5,632			
Total	9,393,300	9,393,300		do.	14,104	14,104		11,000	3,104
Asbestos, crocidolite:									
National stockpile	702,100	702,100		Short ton	1,567	1,567			
Supplemental—barter	7,161,157	7,236,190	+75,033	do.	27,203	27,438	+235		
Total	7,863,257	7,938,290	+75,033	do.	28,770	29,005	+235	(9)	29,005
Bauxite, metal grade, Jamaica type:									
National stockpile	13,925,000	13,925,000		Long dry ton	879,740	879,740			
Defense Production Act	18,168,000	18,168,000		do.	1,370,077	1,370,077			
Supplemental—barter	89,245,063	89,353,258	+108,195	do.	5,773,494	5,780,590	+7,096		
Total	121,338,063	121,446,258	+108,195	do.	8,023,311	8,030,407	+7,096	2,600,000	5,430,407
Bauxite, metal grade, Surinam type:									
National stockpile	78,552,500	78,552,500		do.	4,962,706	4,962,706			
Supplemental—barter	45,326,200	45,326,200		do.	2,927,260	2,927,260			
Total	123,878,700	123,878,700		do.	7,889,966	7,889,966		6,400,000	1,489,966
Bauxite, refractory grade:									
National stockpile	11,347,800	11,347,800		Long calcined ton	299,279	299,279		137,000	162,279
Beryl:									
National stockpile	9,768,400	9,678,400		Short ton	23,230	23,230			
Defense Production Act	1,425,800	1,425,800		do.	2,543	2,543			
Supplemental—barter	22,788,000	22,788,000		do.	11,321	11,321			
Total	33,982,200	33,982,200		do.	37,094	37,094		23,100	13,994
Beryllium metal:									
Supplemental—barter	14,253,383	14,253,383		do.	123	123		(9)	123
Bismuth:									
National stockpile	2,674,300	2,674,300		Pound	1,342,402	1,342,402			
Defense Production Act	52,400	52,400		do.	22,901	22,901			
Supplemental—barter	5,540,200	5,540,200		do.	2,506,493	2,506,493			
Total	8,266,900	8,266,900		do.	3,871,796	3,871,796		3,000,000	871,796
Cadmium:									
National stockpile	20,606,600	20,327,700	-278,900	do.	10,496,794	10,354,727	-142,067		
Supplemental—barter	12,327,700	12,327,700		do.	7,448,989	7,448,989			
Total	32,934,300	32,655,400	-278,900	do.	17,945,783	17,803,716	-142,067	6,500,000	11,303,716
Castor oil:									
National stockpile	51,290,600	51,290,600		do.	196,035,582	196,035,582		22,000,000	174,035,582
Celestite:									
National stockpile	1,412,300	1,412,300		Short dry ton	28,816	28,816			
Supplemental—barter	102,353	225,646	+123,293	do.	2,693	5,416	+2,723		
Total	1,514,653	1,637,946	+123,293	do.	31,509	34,232	+2,723	22,000	12,232
Chromite, chemical grade:									
National stockpile	12,288,000	12,288,000		do.	559,452	559,452			
Supplemental—barter	21,766,349	21,766,349		do.	699,654	699,654			
Total	34,054,349	34,054,349		do.	1,259,106	1,259,106		475,000	784,106
Chromite, metallurgical grade:									
National stockpile	264,674,600	264,674,600		do.	3,797,409	3,797,409			
Defense Production Act	35,879,900	35,879,900		do.	985,646	985,646			
Supplemental—barter	224,671,600	224,671,600		do.	1,543,114	1,543,114			
Total	525,226,100	525,226,100		do.	6,326,169	6,326,169		2,970,000	3,356,169
Chromite, refractory grade:									
National stockpile	25,149,300	25,149,300		do.	1,047,159	1,047,159			
Supplemental—barter	5,578,370	5,039,000	-539,370	do.	198,624	179,775	-18,849		
Total	30,727,670	30,188,300	-539,370	do.	1,245,783	1,226,934	-18,849	1,300,000	(9)

See footnotes at end of table.

TABLE 1.—Strategic and critical materials inventories (all grades), June 1963 (showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)—Continued

Commodity	Cost value			Unit of measure	Quantity				
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month		Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Maximum objective ¹	Excess over maximum objective
Cobalt:									
National stockpile.....	\$169,238,700	\$169,238,700	.....	Pound.....	76,725,545	76,725,545	.....	.....	.....
Defense Production Act.....	52,074,600	52,074,600	.....	do.....	25,194,122	25,194,122	.....	.....	.....
Supplemental—barter.....	2,169,000	2,169,000	.....	do.....	1,077,018	1,077,018	.....	.....	.....
Total.....	223,482,300	223,482,300	.....	do.....	102,996,685	102,996,685	.....	19,000,000	83,996,685
Coconut oil:									
National stockpile.....	13,432,800	12,706,400	—\$726,000	do.....	88,639,435	83,841,206	—4,798,229	(²)	83,841,206
Colemanite:									
Supplemental—barter.....	2,636,400	2,636,400	.....	Long dry ton.....	67,636	673,36	.....	(²)	67,636
Columbium:									
National stockpile.....	23,919,200	23,919,200	.....	Pound.....	7,487,499	7,487,499	.....	.....	.....
Defense Production Act.....	50,238,900	50,238,900	.....	do.....	8,222,684	8,222,684	.....	.....	.....
Supplemental—barter.....	799,100	799,100	.....	do.....	388,877	388,877	.....	.....	.....
Total.....	74,957,200	74,957,200	.....	do.....	16,099,060	16,099,060	.....	1,000,000	14,199,060
Copper:									
National stockpile.....	522,743,000	522,727,200	—15,800	Short ton.....	1,008,313	1,008,273	—40	.....	.....
Defense Production Act.....	60,111,000	59,918,400	—192,600	do.....	107,167	106,812	—355	.....	.....
Supplemental—barter.....	8,150,100	8,150,100	.....	do.....	12,382	12,382	.....	.....	.....
Total.....	591,004,100	590,795,700	—208,400	do.....	1,127,862	1,127,467	—395	2775,000	352,467
Cordage fibers, abaca:									
National stockpile.....	37,740,900	37,740,900	.....	Pound.....	149,736,028	149,736,028	.....	150,000,000	(⁴)
Cordage fibers, sisal:									
National stockpile.....	42,766,900	42,779,500	+12,600	do.....	315,983,593	316,123,573	+139,980	320,000,000	(⁴)
Corundum:									
National stockpile.....	393,100	393,100	.....	Short ton.....	2,008	2,008	.....	2,000	8
Cryolite:									
Defense Production Act.....	7,092,000	7,092,000	.....	do.....	25,683	25,683	.....	(⁵)	25,683
Diamond dies:									
National stockpile.....	483,600	488,100	+4,500	Piece.....	16,057	16,201	+144	25,000	(⁶)
Diamond, industrial, crushing bort:									
National stockpile.....	61,609,500	61,609,500	.....	Carat.....	31,113,411	31,113,411	.....	.....	.....
Supplemental—barter.....	15,456,700	15,800,500	+343,800	do.....	5,523,748	5,550,579	+26,831	.....	.....
Total.....	77,066,200	77,410,000	+343,800	do.....	36,637,159	36,663,990	+26,831	30,000,000	6,663,990
Diamond, industrial, stones:									
National stockpile.....	100,501,500	100,501,500	.....	do.....	9,315,183	9,315,183	.....	.....	.....
Supplemental—barter.....	186,668,300	186,324,500	—343,800	do.....	15,452,658	15,425,827	—26,831	.....	.....
Total.....	287,169,800	286,826,000	—343,800	do.....	24,767,841	24,741,010	—26,831	18,000,000	6,741,010
Diamond tools:									
National stockpile.....	1,015,400	1,015,400	.....	Piece.....	64,178	64,178	.....	(⁷)	64,178
Feathers and down:									
National stockpile.....	37,505,000	37,505,000	.....	Pound.....	9,052,886	9,052,886	.....	23,000,000	6,052,886
Fluorspar, acid grade:									
National stockpile.....	26,167,500	26,167,500	.....	Short dry ton.....	463,049	463,049	.....	.....	.....
Defense Production Act.....	1,394,400	1,394,400	.....	do.....	19,700	19,700	.....	.....	.....
Supplemental—barter.....	33,528,800	33,528,800	.....	do.....	673,232	673,232	.....	.....	.....
Total.....	61,090,700	61,090,700	.....	do.....	1,155,981	1,155,981	.....	280,000	875,981
Fluorspar, metallurgical grade:									
National stockpile.....	17,332,400	17,332,400	.....	do.....	369,443	369,443	.....	.....	.....
Supplemental—barter.....	1,508,100	1,508,100	.....	do.....	42,800	42,800	.....	.....	.....
Total.....	18,840,500	18,840,500	.....	do.....	412,243	412,243	.....	375,000	37,243
Graphite, natural, Ceylon, amorphous lump:									
National stockpile.....	937,900	937,900	.....	do.....	4,455	4,455	.....	.....	.....
Supplemental—barter.....	341,200	341,200	.....	do.....	1,428	1,428	.....	.....	.....
Total.....	1,279,100	1,279,100	.....	do.....	5,883	5,883	.....	3,600	2,283
Graphite, natural, Madagascar, crystalline:									
National stockpile.....	7,056,200	7,056,200	.....	do.....	34,233	34,233	.....	.....	.....
Supplemental—barter.....	221,143	221,143	.....	do.....	1,907	1,907	.....	.....	.....
Total.....	7,277,343	7,277,343	.....	do.....	36,140	36,140	.....	17,200	18,940
Graphite, natural, other, crystalline:									
National stockpile.....	1,896,300	1,896,300	.....	do.....	5,487	5,487	.....	2,100	3,387
Hyosine:									
National stockpile.....	30,600	30,600	.....	Ounce.....	2,100	2,100	.....	2,100	(⁶)
Iodine:									
National stockpile.....	4,082,000	4,082,000	.....	Pound.....	2,977,648	2,977,648	.....	.....	.....
Supplemental—barter.....	1,066,000	1,066,000	.....	do.....	994,920	994,920	.....	.....	.....
Total.....	5,148,000	5,148,000	.....	do.....	3,972,568	3,972,568	.....	4,300,000	(⁶)

See footnotes at end of table.

TABLE 1.—Strategic and critical materials inventories (all grades), June 1963 (showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)—Continued

Commodity	Cost value			Quantity					
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Unit of measure	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Maximum objective ¹	Excess over maximum objective
Iridium:									
National stockpile	\$2,525,800	\$2,525,800		Troy ounce	13,937	13,937		4,000	9,937
Jewel bearings:									
National stockpile	4,055,500	4,110,500	+\$55,000	Piece	51,270,565	51,387,563	+116,998	57,500,000	(4)
Kyanite-mullite:									
National stockpile	803,100	798,800	-4,300	Short dry ton	9,289	9,239	-50	4,800	4,439
Lead:									
National stockpile	319,298,100	319,298,100		Short ton	1,050,370	1,050,370			
Defense Production Act	1,696,600	1,696,600		do	4,479	4,479			
Supplemental—barter	78,398,600	78,398,600		do	327,998	327,998			
Total	399,393,300	399,393,300		do	1,382,847	1,382,847		10	1,382,847
Magnesium:									
National stockpile	130,826,200	130,600,300	-225,900	do	180,208	179,896	-312	107,000	72,896
Manganese, battery grade, natural ore:									
National stockpile	21,025,500	21,025,500		do	144,485	144,485			
Supplemental—barter	14,080,898	13,621,900	-467,998	do	142,351	137,700	-4,651		
Total	35,115,398	34,647,400	-467,998	do	286,836	282,185	-4,651	50,000	232,185
Manganese, battery grade, synthetic di-									
oxide:									
National stockpile	3,095,500	3,095,500		Short dry ton	21,272	21,272			
Defense Production Act	2,524,700	2,524,700		do	3,779	3,779			
Total	5,620,200	5,620,200		do	25,051	25,051		20,000	5,051
Manganese, chemical grade, type A:									
National stockpile	2,133,300	2,133,300		do	29,307	29,307			
Supplemental—barter	7,898,600	7,898,600		do	117,607	117,607			
Total	10,031,900	10,031,900		do	146,914	146,914		30,000	116,914
Manganese, chemical grade, type B:									
National stockpile	132,600	132,600		do	1,822	1,822			
Supplemental—barter	6,683,300	6,683,300		do	99,016	99,016			
Total	6,815,900	6,815,900		do	100,838	100,838		53,000	47,838
Manganese, metallurgical grade:									
National stockpile	248,240,300	248,240,300		do	5,851,264	5,851,264			
Defense Production Act	176,474,400	176,474,400		do	3,056,691	3,056,691			
Supplemental—barter	233,672,555	236,271,711	+2,599,156	do	3,431,592	3,504,706	+73,114		
Total	658,387,255	660,986,411	+2,599,156	do	12,339,547	12,412,661	+73,114	6,800,000	5,612,661
Mercury:									
National stockpile	20,039,500	20,039,500		Flask	129,525	129,525			
Supplemental—barter	3,446,200 ^a	3,446,200		do	16,000	16,000			
Total	23,485,700	23,485,700		do	145,525	145,525		200,000	(4)
Mica, muscovite block:									
National stockpile	27,631,200	27,631,200		Pound	11,621,211	11,621,211			
Defense Production Act	40,857,700	40,857,700		do	6,456,251	6,456,251			
Supplemental—barter	5,024,690	5,100,741	+76,051	do	1,517,150	1,536,182	+19,032		
Total	73,513,590	73,589,641	+76,051	do	19,594,612	19,613,644	+19,032	8,300,000	11,313,644
Mica, muscovite film:									
National stockpile	9,058,100	9,058,100		do	1,733,083	1,733,083			
Defense Production Act	633,300	633,300		do	102,681	102,681			
Supplemental—barter	1,000,049	1,001,362	+1,313	do	102,514	102,614	+100		
Total	10,691,449	10,692,762	+1,313	do	1,938,278	1,938,378	+100	1,300,000	638,378
Mica, muscovite splittings:									
National stockpile	40,598,300	40,598,300		do	40,040,294	40,040,294			
Supplemental—barter	6,225,800	6,225,800		do	4,826,267	4,826,267			
Total	46,824,100	46,824,100		do	44,866,561	44,866,561		21,200,000	23,666,561
Mica, phlogopite block:									
National stockpile	303,600	303,600		do	223,239	223,239		17,000	206,239
Mica, phlogopite splittings:									
National stockpile	2,580,500	2,580,500		do	3,079,062	3,079,062			
Supplemental—barter	2,257,672	2,379,679	+121,907	do	1,911,482	1,971,397	+59,915		
Total	4,838,172	4,960,079	+121,907	do	4,990,544	5,050,459	+59,915	1,700,000	3,350,459
Molybdenum:									
National stockpile	84,528,100	84,196,200	-331,900	Pound	79,816,730	79,513,992	-302,738	59,000,000	20,513,992
Nickel:									
National stockpile	181,086,100	181,978,100	+8,000	do	334,296,915	334,272,028	-24,887		
Defense Production Act	102,577,400	102,162,900	-414,500	do	107,535,369	107,050,155	-485,214		
Total	284,563,500	284,141,000	-422,500	do	441,832,284	441,322,183	-510,101	200,000,000	341,322,183
Opium:									
National stockpile	13,661,700	13,661,700		do	195,757	195,757		2141,280	54,477

See footnotes at end of table.

TABLE 1.—Strategic and critical materials inventories (all grades), June 1963 (showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)—Continued

Commodity	Cost value			Unit of measure	Quantity				
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month		Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Maximum objective ¹	Excess over maximum objective
Palladium:									
National stockpile.....	\$2,079,000	\$2,079,000		Troy ounce.....	89,811	89,811			
Defense Production Act.....	177,300	177,300		do.....	7,884	7,884			
Supplemental—barter.....	12,170,200	12,170,200		do.....	648,124	648,124			
Total.....	14,426,500	14,426,500		do.....	745,819	745,819		340,000	405,819
Palm oil:									
National stockpile.....	4,598,000	4,509,500	—\$88,500	Pound.....	25,545,593	25,053,989	—491,604	(²)	25,053,989
Platinum:									
National stockpile.....	56,879,900	56,879,900		Troy ounce.....	716,343	716,343			
Supplemental—barter.....	4,024,500	4,024,500		do.....	49,999	49,999			
Total.....	60,904,400	60,904,400		do.....	766,342	766,342		165,000	601,342
Pyrethrum:									
National stockpile.....	415,100	415,100		Pound.....	67,065	67,065		66,000	1,065
Quartz crystals:									
National stockpile.....	69,060,700	69,060,700		do.....	5,601,481	5,601,481			
Supplemental—barter.....	3,128,700	3,128,700		do.....	232,352	232,352			
Total.....	72,189,400	72,189,400		do.....	5,833,833	5,833,833		650,000	5,183,833
Quindine:									
National stockpile.....	2,010,900	2,010,900		Ounce.....	1,743,377	1,743,377		1,600,000	143,377
Quinine:									
National stockpile.....	3,622,600	3,622,600		do.....	5,727,732	5,727,732		(³)	5,727,732
Rare earths:									
National stockpile.....	7,134,900	7,134,900		Short dry ton.....	10,042	10,042			
Supplemental—barter.....	5,713,182	5,748,920	+35,738	do.....	7,251	7,492	+241		
Total.....	12,848,082	12,883,820	+35,738	do.....	17,293	17,534	+241	5,700	11,834
Rare earths residue:									
Defense Production Act.....	657,800	657,800		Pound.....	6,085,570	6,085,570		(³)	6,085,570
Rhodium:									
National stockpile.....	78,200	78,200		Troy ounce.....	618	618		(³)	618
Rubber:									
National stockpile.....	766,068,300	764,548,400	—1,519,900	Long ton.....	990,822	988,855	—1,967	750,000	238,855
Ruthenium:									
Supplemental—barter.....	559,500	559,500		Troy ounce.....	15,001	15,001		(³)	15,001
Rutile:									
National stockpile.....	2,070,100	2,070,100		Short dry ton.....	18,599	18,599			
Defense Production Act.....	2,725,100	2,725,100		do.....	17,410	17,410			
Supplemental—barter.....	1,061,300	1,061,300		do.....	11,632	11,632			
Total.....	5,856,500	5,856,500		do.....	47,641	47,641		65,000	(⁴)
Rutile chlorinator charge:									
Defense Production Act.....				do.....	7,038	6,817	—221	(³)	6,817
Sapphire and ruby:									
National stockpile.....	190,000	190,000		Carat.....	16,187,500	16,187,500		18,000,000	(⁴)
Selenium:									
National stockpile.....	757,100	757,100		Pound.....	97,100	97,100			
Supplemental—barter.....	1,070,500	1,070,500		do.....	156,518	156,518			
Total.....	1,827,600	1,827,600		do.....	253,618	253,618		400,000	(⁴)
Shellac:									
National stockpile.....	8,621,900	8,605,400	—16,500	do.....	17,197,814	17,165,033	—32,781	7,400,000	9765033
Silicon carbide, crude:									
National stockpile.....	11,394,500	11,394,500		Short ton.....	64,697	64,697			
Supplemental—barter.....	26,802,700	26,802,700		do.....	131,805	131,805			
Total.....	38,197,200	38,197,200		do.....	196,502	196,502		100,000	96,502
Silk noils and waste:									
National stockpile.....	1,723,500	1,607,900	—115,600	Pound.....	1,293,010	1,219,013	—73,997	970,000	249,013
Silk, raw:									
National stockpile.....	486,600	486,600		do.....	113,515	113,515		120,000	(⁴)
Sperm oil:									
National stockpile.....	4,775,400	4,755,400		do.....	23,442,158	23,442,158		² 23,400,000	42,158
Talc, steatite block and lump:									
National stockpile.....	496,800	496,800		Short ton.....	1,274	1,274		300	974
Talc, steatite ground:									
National stockpile.....	231,200	231,200		do.....	3,901	3,901		(³)	3,901
Tantalum:									
National stockpile.....	10,992,700	10,992,700		Pound.....	3,420,478	3,420,478			
Defense Production Act.....	9,734,400	9,734,400		do.....	1,531,366	1,531,366			
Supplemental—barter.....	21,100	21,100		do.....	8,036	8,036			
Total.....	20,748,200	20,748,200		do.....	4,959,880	4,959,880		2,420,000	2,539,880

See footnotes at end of table.

TABLE 1.—Strategic and critical materials inventories (all grades), June 1963 (showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)—Continued

Commodity	Cost value			Unit of measure	Quantity				
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month		Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Maximum objective ¹	Excess over maximum objective
Thorium:									
Defense Production Act	\$42,000	\$42,000		Pound	848,354	848,354			
Supplemental—barter	17,411,129	17,486,238	+\$75,109	do	8,400,260	8,440,675	+40,425		
Total	17,453,129	17,528,238	+75,109	do	9,248,604	9,289,029	+40,425	(²)	9,289,029
Tin:									
National stockpile	816,241,000	816,070,600	-170,400	Long ton	335,692	335,622	-70		
Supplemental—barter	16,404,000	16,404,000		do	7,505	7,505			
Total	832,645,000	832,474,600	-170,400	do	343,197	343,127	-70	*200,000	143,127
Titanium:									
Defense Production Act	176,463,100	176,463,100		Short ton	22,415	22,415			
Supplemental—barter	32,097,700	32,097,700		do	9,021	9,021			
Total	208,560,800	208,560,800		do	31,436	31,436		(²)	31,436
Tungsten:									
National stockpile	369,127,300	369,127,300		Pound	120,071,339	120,071,339			
Defense Production Act	318,813,900	318,813,900		do	78,186,563	78,186,563			
Supplemental—barter	18,651,400	18,651,400		do	5,774,827	5,774,827			
Total	706,592,600	706,592,600		do	204,032,729	204,032,729		50,000,000	154,032,729
Vanadium:									
National stockpile	31,567,900	31,567,900		do	15,730,893	15,730,893		2,000,000	13,730,893
Vegetable tannin extract, chestnut:									
National stockpile	11,932,800	11,932,800		Long ton	42,770	42,770		30,000	12,770
Vegetable tannin extract, quebracho:									
National stockpile	49,194,400	49,188,200	-6,200	do	198,828	198,803	-25	180,000	18,803
Vegetable tannin extract, wattle:									
National stockpile	9,826,900	9,826,900		do	38,962	38,962		39,000	(²)
Zinc:									
National stockpile	364,353,200	364,346,400	-6,800	Short ton	1,256,866	1,256,848	-18		
Supplemental—barter	79,588,200	79,588,200		do	323,896	323,896			
Total	443,941,400	443,934,600	-6,800	do	1,580,762	1,580,744	-18	*0	1,580,744
Zirconium ore, baddeleyite:									
National stockpile	710,600	710,600		Short dry ton	16,533	16,533		(²)	16,533
Zirconium ore, zircon:									
National stockpile	202,200	189,400	-12,800	do	3,416	3,201	-215	(²)	3,201
Total:									
National stockpile	5,816,508,200	5,813,052,400	-3,455,800						
Defense Production Act	1,499,504,900	1,496,434,900	-3,070,000						
Supplemental—barter	1,338,072,033	1,340,697,172	+2,625,139						
Total, strategic and critical materials	8,654,085,133	8,650,184,472	-3,900,661						

¹ Maximum objectives for strategic and critical materials are determined pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98b). The Office of Emergency Planning is currently in the process of revising stockpile objectives. (See app. B, p. 21.)

² New objective. (See app. B, p. 21.)

* No present objective.

² Not in excess of maximum objective.

Source: Compiled from reports submitted by the General Services Administration and the Department of Agriculture.

TABLE 2.—Agricultural commodities inventories, July 1963 (showing by commodity net changes during the month in terms of cost value and quantity)

Commodity	Cost value			Unit of measure	Quantity		
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month		Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month
Price-support inventory:							
Basic commodities:							
Corn	\$603,676,644	\$601,698,233	-\$1,978,411	Bushel	492,124,265	490,441,161	1,683,104
Cotton, extra-long staple	4,350,336	4,350,336		Bale	15,865	15,865	
Cotton, upland	714,465,702	647,367,508	-67,098,194	do	4,135,721	3,749,591	-386,229
Peanuts, farmers' stock	740,938	10,262	-730,676	Pound	6,936,508	104,707	-6,832,101
Peanuts, shelled	11,461,601	11,725,345	+263,744	do	66,944,036	68,707,457	+1,763,421
Rice, milled	139,012	139,012		Hundredweight	14,029	14,029	
Rice, rough	9,562,709	9,754,016	+191,307	do	1,795,161	1,831,930	+36,769
Wheat	2,167,741,439	2,159,134,221	-8,607,218	Bushel	1,082,464,091	1,077,064,550	-4,499,541
Bulgar	263,643	263,638	-5	Pound	4,854,112	4,854,112	
Total, basic commodities	3,512,402,024	3,434,492,571	-77,909,453				
Designated nonbasic commodities:							
Barley	40,632,360	43,174,088	+2,541,728	Bushel	46,975,637	49,981,957	+3,006,320
Grain sorghum	695,687,394	689,693,879	-5,993,515	do	633,412,519	627,204,171	-6,208,348
Milk and butterfat:							
Butter	220,836,783	230,980,809	+10,144,116	Pound	379,845,971	397,333,261	+17,487,290
Butter oil	72,189,754	75,812,629	+3,622,875	do	90,958,731	95,623,479	+4,664,748
Cheese	19,299,616	20,227,826	+928,210	do	51,420,373	53,861,359	+2,440,986
Ghee	1,751,446	1,751,446		do	2,169,888	2,169,888	
Milk, dried	104,267,892	109,755,986	+5,488,094	do	706,775,691	744,533,582	+37,757,891
Oats	11,150,720	11,465,445	+314,725	Bushel	18,623,062	19,129,773	+506,711
Rye	1,619,826	1,701,701	+81,875	do	1,563,326	1,641,719	+78,393
Total, designated nonbasic commodities	1,167,435,791	1,184,563,899	+17,128,108				

TABLE 2.—Agricultural commodities inventories, January 1963 (showing by commodity net changes during the month in terms of cost value and quantity)—Continued

Item	Cost value			Unit of measure	Quantity		
	Beginning of month, Apr. 1, 1963	End of month, Apr. 30, 1963	Net change during month		Beginning of month, Apr. 1, 1963	End of month, Apr. 30, 1963	Net change during month
Price-support inventory:							
Other nonbasic commodities:							
Beans, dry, edible.....	\$8,773,377	\$8,628,998	-\$144,379	Hundredweight..	1,167,649	1,142,699	-24,950
Cottonseed oil, refined.....	220,364	290,040	+69,676	Pound.....	1,267,537	1,739,132	+471,595
Flaxseed.....	15,793,357	16,059,077	+265,720	Bushel.....	5,327,184	5,415,584	+88,400
Soybeans.....	7,435,749	5,234,345	-2,201,404	do.....	3,181,807	2,219,134	-962,673
Turpentine.....	433,546	45,240	-388,306	Gallon.....	826,233	86,209	-740,024
Vegetable oil products.....	2,941,125	2,940,974	-151	Pound.....	17,362,311	17,362,311	
Total, other nonbasic commodities.....	35,597,518	33,198,674	-2,398,844				
Total, price support inventory.....	4,715,435,333	4,652,255,144	-63,180,189				
Inventory transferred from national stockpile: ¹							
Cotton, Egyptian.....	103,874,843	103,256,435	-618,408	Bale.....	122,955	122,223	-732
Cotton, American-Egyptian.....	23,734,148	23,734,148		do.....	47,188	47,188	
Total, inventory transferred from national stockpile.....	127,608,991	126,990,583	-618,408	do.....	170,143	169,411	-732
Total, agricultural commodities.....	4,843,044,324	4,779,245,727	-63,798,597				

¹ Transferred from General Services Administration pursuant to Public Law 85-96 and Public Law 87-548. (See app. A, p. 20612.)

Source: Compiled from reports submitted by the Department of Agriculture.

TABLE 3.—Civil defense supplies and equipment inventories, July 1963 (showing by item net changes during the month in terms of cost value and quantity)

Item	Cost value			Unit of measure	Quantity		
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month		Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month
Civil defense stockpile, Department of Defense:							
Engineering equipment (engine generators, pumps, chlorinators, purifiers, pipe, and fittings).....	\$10,015,517	\$10,019,829	+\$4,312	10-mile units	45	45	
Chemical and biological equipment.....	1,816,557	1,814,233	-2,324	(1)			
Radiological equipment.....	24,736,553	23,636,690	-1,099,863	(1)			
Total.....	36,568,627	35,470,752	-1,097,875				
Civil defense medical stockpile, Department of Health, Education, and Welfare:							
Medical bulk stocks, and associated items at civil defense mobilization warehouses.....	144,150,887	146,525,451	+2,374,564	(1)			
Medical bulk stock at manufacturer locations.....	5,415,928	5,305,582	-110,346	(1)			
Civil defense emergency hospitals.....	37,444,461	37,371,677	-72,784	Each.....	1,930	1,930	
Replenishment units (functional assemblies other than hospitals).....	659,779	525,245	-134,534	(1)			
Total.....	187,671,055	189,727,955	+2,056,900				
Total, civil defense supplies and equipment.....	224,329,682	225,198,707	+869,025				

¹ Composite group of many different items.

Source: Compiled from reports submitted by the Department of Defense and the Department of Health, Education, and Welfare.

TABLE 4.—Machine tools inventories, June 1963 (showing by item net changes during the month in terms of cost value and quantity)

Item	Cost value			Unit of measure	Quantity		
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month		Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month
Defense Production Act:							
In storage.....	\$21,400	\$21,400		Tool.....	7	7	
On lease.....	2,144,300	2,144,300		do.....	103	103	
On loan.....	42,900	42,900		do.....	7	7	
Total.....	2,208,600	2,208,600		do.....	117	117	
National Industrial Reserve Act:							
In storage.....	79,933,300	79,933,300		do.....	7,193	7,193	
On lease.....	27,500	27,500		do.....	1	1	
On loan to other agencies.....	2,176,600	2,176,600		do.....	225	225	
On loan to school programs.....	7,971,100	7,971,100		do.....	1,916	1,916	
Total.....	90,108,500	90,108,500		do.....	9,335	9,335	
Total, machine tools.....	92,317,100	92,317,100		do.....	9,452	9,452	

Source: Compiled from reports submitted by the General Services Administration.

TABLE 5.—Helium inventories, July 1963 (showing by item net changes during the month in terms of cost value and quantity)

Item	Cost value			Quantity			
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Unit of measure	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month
Helium:							
Stored aboveground.....	\$268,008	\$219,629	—\$48,379	Cubic foot.....	21,800,000	19,700,000	—2,100,000
Stored underground.....	8,039,125	9,000,110	+960,985	do.....	905,400,000	1,065,800,000	+160,400,000
Total, helium.....	8,307,133	9,219,739	+912,606	do.....	927,200,000	1,085,500,000	+158,300,000

Source: Compiled from reports submitted by the Department of the Interior.

APPENDIX A

PROGRAM DESCRIPTIONS AND STATUTORY CITATIONS

STRATEGIC AND CRITICAL MATERIALS

National stockpile

The Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h) provides for the establishment and maintenance of a national stockpile of strategic and critical materials. The General Services Administration is responsible for making purchases of strategic and critical materials and providing for their storage, security, and maintenance. These functions are performed in accordance with directives issued by the Director of the Office of Emergency Planning. The act also provides for the transfer from other Government agencies of strategic and critical materials which are excess to the needs of such other agencies and are required to meet the stockpile objectives established by OEP. In addition, the General Services Administration is responsible for disposing of those strategic and critical materials which OEP determines to be no longer needed for stockpile purposes.

General policies for strategic and critical materials stockpiling are contained in DMO V-7, issued by the Director of the Office of Emergency Planning and published in the Federal Register of December 19, 1959 (24 F.R. 10309). Portions of this order relate also to Defense Production Act inventories.

Defense Production Act

Under section 303 of the Defense Production Act of 1950 (50 U.S.C. App. 2093) and Executive Order 10480, as amended, the General Services Administration is authorized to make purchases of or commitments to purchase metals, minerals, and other materials, for Government use or resale, in order to expand productive capacity and supply, and also to store the materials acquired as a result of such purchases or commitments. Such functions are carried out in accordance with programs certified by the Director of the Office of Emergency Planning.

Supplemental—Barter

As a result of a delegation of authority from OEP (32A C.F.R., ch. I, DMO V-4) the General Services Administration is responsible for the maintenance and storage of materials placed in the supplemental stockpile. Section 206 of the Agricultural Act of 1956 (7 U.S.C. 1856) provides that strategic and other materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural products, unless acquired for the national stockpile or for other purposes, shall be transferred to the supplemental stockpile established by section 104(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704(b)). In addition to the materials which have been or may be so acquired, the materials obtained under the programs established pursuant to the Domestic Tungsten, Asbestos, Fluorspar, and Columbium-Tantalum Production and Purchase Act of

1956 (50 U.S.C. App. 2191-2195), which terminated December 31, 1958, have been transferred to the supplemental stockpile, as authorized by the provisions of said Production and Purchase Act.

AGRICULTURAL COMMODITIES

The price-support program

Price-support operations are carried out under the charter powers (15 U.S.C. 714) of the Commodity Credit Corporation, Department of Agriculture, in conformity with the Agricultural Act of 1949 (7 U.S.C. 1421), the Agricultural Act of 1954 (7 U.S.C. 1741), which includes the National Wool Act of 1954, the Agricultural Act of 1956 (7 U.S.C. 1442), the Agricultural Act of 1958 and with respect to certain types of tobacco, in conformity with the act of July 28, 1945, as amended (7 U.S.C. 1312). Under the Agricultural Act of 1949, price support is mandatory for the basic commodities—corn, cotton, wheat, rice, peanuts, and tobacco—and specific nonbasic commodities; namely, tung nuts, honey, milk, butterfat, and the products of milk and butterfat. Under the Agricultural Act of 1958, as producers of corn voted in favor of the new price-support program for corn authorized by that act, price support is mandatory for barley, oats, rye, and grain sorghums. Price support for wool and mohair is mandatory under the National Wool Act of 1954, through the marketing year ending March 31, 1966. Price support for other nonbasic agricultural commodities is discretionary except that, whenever the price of either cottonseed or soybeans is supported, the price of the other must be supported at such level as the Secretary determines will cause them to compete on equal terms on the market. This program may also include operations to remove and dispose of or aid in the removal or disposition of surplus agricultural commodities for the purpose of stabilizing prices at levels not in excess of permissible price-support levels.

Price support is made available through loans, purchase agreements, purchases, and other operations and, in the case of wool and mohair, through incentive payments based on marketings. The producers' commodities serve as collateral for price-support loans. With limited exceptions, price-support loans are nonrecourse and the Corporation looks only to the pledged or mortgage collateral for satisfaction of the loan. Purchase agreements generally are available during the same period that loans are available. By signing a purchase agreement, a producer receives an option to sell to the Corporation any quantity of the commodity which he may elect within the maximum specified in the agreement.

The major effect on budgetary expenditures is represented by the disbursements for price-support loans. The largest part of the commodity acquisitions under the program result from the forfeiting of commodities pledged as loan collateral for which the expenditures occurred at the time of making the loan, rather than at the time of acquiring the commodities.

Dispositions of commodities acquired by the Corporation in its price-support operations are made in compliance with sections 202, 407, and 416 of the Agricultural Act of 1949, and other applicable legislation, particularly the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691), title I of the Agricultural Act of 1954, title II of the Agricultural Act of 1956, the Agricultural Act of 1958, the act of August 19, 1958, in the case of cornmeal and wheat flour, and the act of September 21, 1959, with regard to sales of livestock feed in emergency areas.

Inventory transferred from national stockpile

This inventory, all cotton, was transferred to Commodity Credit Corporation at no cost from the national stockpile pursuant to Public Law 85-96 and Public Law 87-548. The proceeds from sales, less costs incurred by CCC, are covered into the Treasury as miscellaneous receipts; therefore, such proceeds and costs are not recorded in the operating accounts. The cost value as shown for this cotton has been computed on the basis of average per bale cost of each type of cotton when purchased by CCC for the national stockpile.

CIVIL DEFENSE SUPPLIES AND EQUIPMENT

Civil defense stockpile

The Department of Defense conducts this stockpiling program pursuant to section 201(h) of Public Law 920, 81st Congress, as amended. The program is designed to provide some of the most essential materials to minimize the effects upon the civilian population which would be caused by an attack upon the United States. Supplies and equipment normally unavailable, or lacking in quantity needed to cope with such conditions, are stockpiled at strategic locations in a nationwide warehouse system consisting of general storage facilities.

Civil defense medical stockpile

The Department of Health, Education, and Welfare conducts the stockpiling program for medical supplies and equipment pursuant to section 201(h) of Public Law 920, 81st Congress, as delegated by the President following the intent of Reorganization Plan No. 1, 1958. The Department of Health, Education, and Welfare, plans and directs the procurement, storage, maintenance, inspection, survey, distribution, and utilization of essential supplies and equipment for emergency health services. The medical stockpile includes a program designed to preposition assembled emergency hospitals and other medical supplies and equipment into communities throughout the Nation.

MACHINE TOOLS

Defense Production Act

Under section 303 of the Defense Production Act of 1950 (50 U.S.C. App. 2093) and Executive Order 10480, as amended, the General Services Administration has acquired machine tools in furtherance of expansion of productive capacity, in accordance with programs certified by the Director of the Office of Emergency Planning.

National industrial equipment reserve

Under general policies established and directives issued by the Secretary of Defense, the General Services Administration is responsible for care, maintenance, utilization, transfer, leasing, lending to nonprofit schools, disposal, transportation, repair, restoration, and renovation of national industrial reserve equipment transferred to GSA under the National Industrial Reserve Act of 1948 (50 U.S.C. 451-462).

HELIUM

The helium conservation program is conducted by the Department of the Interior pursuant to the Helium Act, approved September 13, 1960 (Public Law 86-777; 74 Stat. 918; 50 U.S.C. 167), and subsequent appropriations acts which have established fiscal limitations and provided borrowing authority for the program. Among other things, the Helium Act authorizes the Secretary of the Interior to produce helium in Government plants, to acquire helium from private plants, to sell helium to meet current demands, and to store for future use helium that is so produced or acquired in excess of that required to meet current demands. Sales of helium by the Secretary of the Interior shall be at prices established by him which shall be adequate to liquidate the costs of the program within 25 years, except that this period may be extended by the Secretary for not more than 10 years for funds borrowed for purposes other than the acquisition and construction of helium plants and facilities.

This report covers helium that is produced in Government plants and acquired from private plants. Helium in excess of current demands is stored in the Cliffside gasfield near Amarillo, Tex. The unit of measure is cubic foot at 14.7 pounds per square inch absolute pressure and 70° F.

APPENDIX B

NEW STOCKPILE OBJECTIVES

The Office of Emergency Planning is in the process of establishing new objectives for strategic and critical materials. Table 1 of this report reflects the new objectives for 12 materials: Aluminum, castor oil, chromite (metallurgical grade), copper, feathers and down, lead, mercury, nickel, opium, sperm oil, tin, and zinc. The new objectives for chromite (metallurgical grade), mercury, nickel, and sperm oil appear in the July report for the first time.

The following excerpts from OEP statements dated July 11 and 19, 1963, set forth the new policy with respect to objectives for strategic and critical materials:

"The Office of Emergency Planning is now conducting supply-requirements studies for all stockpile materials which will reflect current military, industrial, and other essential needs in the event of a conventional war emergency. On the basis of recently completed supply-requirements studies for the foregoing materials, the new stockpile objectives were established with the advice and assistance of the Interdepartmental Materials Advisory Committee, a group chaired by the Office of Emergency Planning and composed of representatives of the Department of State, Defense, the Interior, Agriculture, Commerce, and Labor, and the General Services Administration, the Agency for International Development, and the National Aeronautics and Space Administration. Representatives of the Bureau of the Budget, the Atomic Energy Commission, and the Small Business Administration participate as observers.

These new objectives reflect a new policy to establish a single objective for each stockpile material. They have been determined on the basis of criteria heretofore used in establishing maximum objectives, and reflect the approximate calculated emergency deficits for

the materials for conventional war and do not have any arbitrary adjustments for possible increased requirements for other types of emergency.

Heretofore, there was a "basic objective" and a "maximum objective" for each material. The basic objectives assumed some continued reliance on foreign sources of supply in an emergency. The former maximum objectives completely discounted foreign sources of supply beyond North America and comparable accessible areas.

Previously, maximum objectives could not be less than 6 months' normal usage of the material by industry in the United States in periods of active demand. The 6-month rule has been eliminated in establishing the new calculated conventional war objectives.

The Office of Emergency Planning also announced that the present Defense Mobilization Order V-7, dealing with general policies for strategic and critical materials stockpiling, was now being revised to reflect these new policies. When finally prepared and approved, the new order will be published in the Federal Register.

New conventional war objectives for the remaining stockpile materials are being developed as rapidly as new supply-requirements data become available. They will be released as they are approved.

The Office of Emergency Planning is also making studies to determine stockpile needs to meet the requirements of general nuclear war and reconstruction. Stockpile objectives for nuclear war have not previously been developed. Some commodity objectives may be higher and others may be lower than the objectives established for conventional war.

After the nuclear war supply-requirements studies are completed, stockpile objectives will be based upon calculated deficits for either conventional war or nuclear war, whichever need is larger.

The Office of Emergency Planning stressed that any long-range disposal programs undertaken prior to the development of objectives based on nuclear war assumptions would provide against disposing of quantities which might be needed to meet essential requirements in the event of nuclear attack. While the disposal of surplus materials can produce many problems which have not heretofore arisen, every effort will be made to see that the interests of producers, processors, and consumers, and the international interests of the United States are carefully considered, both in the development and carrying out of disposal programs. Before decisions are made regarding the adoption of a long-range disposal program for a particular item in the stockpile, there will be appropriate consultations with industry in order to obtain the advice of interested parties.

STATEMENT BY SENATOR BYRD OF VIRGINIA

The cost value of Federal stockpile inventories as of July 31, 1963, totaled \$13,756,165,745. This was a net decrease of \$65,827,627 as compared with the July 1 total of \$13,821,993,372.

Net changes during the month are summarized by major category as follows:

Major category	Cost value, July 1963	
	Net change during month	Total, end of month
Strategic and critical materials.....	-\$3,900,061	\$8,650,184,472
Agricultural commodities.....	-63,798,597	4,779,245,727
Civil defense supplies and equipment.....	+959,025	225,198,707
Machine tools.....	.....	92,317,100
Helium.....	+912,606	9,219,739
Total.....	-65,827,627	13,756,165,745

These figures are from the July 1963 report on Federal stockpile inventories compiled from official agency data by the Joint Committee on Reduction of Nonessential Federal Expenditures, showing detail with respect to quantity and cost value of each commodity in the inventories covered.

STRATEGIC AND CRITICAL MATERIALS

So-called strategic and critical materials are stored by the Government in (1) the national stockpile, (2) the Defense Production Act inventory, and (3) the supplemental-barter stockpile.

Overall, there are now 94 materials stockpiled in the strategic and critical inventories. Maximum objectives—in terms of volume—are presently fixed for 76 of these 94 materials. Of the 76 materials having maximum objectives, 61 were stockpiled in excess of their objectives as of July 31, 1963.

The Office of Emergency Planning is in the process of establishing new objectives for strategic and critical materials. This report contains pertinent agency explanation and reflects the new objectives for 12 materials, 4 of which—chromite (metallurgical grade), mercury, nickel, and sperm oil—appear for the first time in July.

Increases in cost value were reported in 16 of the materials stockpiled in all strategic and critical inventories, decreases were reported in 19 materials, and 59 materials remained unchanged during July.

National stockpile

The cost value of materials in the national stockpile as of July 31, 1963, totaled \$5,813,052,400. This was a net decrease of \$3,455,800 during the month. The largest decreases were \$1,519,900 in rubber and \$726,400 in coconut oil.

Defense Production Act inventory

The cost value of materials in the Defense Production Act inventory as of July 31, 1963, totaled \$1,496,434,900. This was a net decrease of \$3,070,000. The largest decrease was \$2,462,900 in aluminum.

Supplemental barter

The cost value of materials in the supplemental-barter stockpile as of July 31 totaled \$1,340,697,172. This was a net increase of \$2,625,139. The largest increase was in manganese.

OTHER STOCKPILE INVENTORIES

Among the other categories of stockpiled materials covered by the report, the largest is \$4.8 billion in agricultural commodities. Major decreases in agricultural commodities during July were reported for cotton and wheat, partially offset by increases in milk and butterfat.

Inventories of civil defense supplies and equipment showed increases in medical stocks; the machine tools inventories showed no change; and the helium inventories showed a net increase during July.

REPORT ON DISPOSITION OF EXECUTIVE PAPERS

Mr. JOHNSTON, from the Joint Select Committee on the Disposition of Papers in the Executive Departments, to which was referred for examination and recommendation a list of records transmitted to the Senate by the Archivist of the United States, dated October 29, 1963, that appeared to have no permanent value or historical interest, submitted a report thereon, pursuant to law.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unan-

imous consent, the second time, and referred as follows:

By Mr. BURDICK:

S. 2303. A bill to provide for a highway bridge across the Missouri River between Bismarck, N. Dak., and Mobridge, S. Dak.; to the Committee on Public Works.

By Mr. TOWER:

S. 2304. A bill to extend for 3 years Public Laws 815 and 874, 81st Congress, providing assistance for schools in areas affected by Federal activities; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. Tower when he introduced the above bill, which appear under a separate heading.)

By Mr. SCOTT:

S. 2305. A bill to provide for the establishment of the Allegheny Portage Railroad National Historic Site and the Johnstown Flood National Memorial in the State of Pennsylvania, and for other purposes; to the Committee on Interior and Insular Affairs.

S. 2306. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon certain claims of Arlene Coats, a partnership consisting of Sidney Berkenfeld and Benjamin Prepon; to the Committee on the Judiciary.

By Mr. KEATING (for himself and Mr. JAVITS):

S.J. Res. 132. Joint resolution for the relief of certain aliens; to the Committee on the Judiciary.

EXTENSION OF IMPACTED AREAS LEGISLATION VITAL

Mr. TOWER. Mr. President, I rise today to introduce a bill incorporating legislation already passed this session by the Senate. My purpose in making such an unusual introduction is to call to my colleagues' attention an emergency that is developing swiftly and is threatening to overtake more than 4,000 school districts across our Nation.

The emergency lies in the failure of the Congress yet to enact an extension of the impacted areas program of assistance to local education. Some 2 million pupils are involved; more than \$2½ million.

The Senate, of course, approved a 3-year extension of the impacted areas program as a part of H.R. 4955 as amended by the Senate Committee on Labor and Public Welfare. I felt that the strategy of including impacted areas legislation in a bill embodying other more controversial provisions might lead to an unnecessary delay. I know that a number of my colleagues shared that view.

For whatever reason, that delay is now upon us. The conferees have not been able to reach agreement on the bill, and thus extension of impacted areas assistance is tied up for an indefinite period.

The bill I introduced today embodies the section of H.R. 4955 applying to impacted areas. The language is identical to that already approved by the Senate. It is my hope that, handled as a separate matter, this bill can be swiftly considered and sent to the other body. Although there are differences between the houses on this extension, I hope that by concentrating on this single program the distinguished conferees will be able to reach quick agreement allowing the program to continue.

Mr. President, impacted areas assistance has been on the lawbooks since 1950. In that time a total of \$1.426 billion has been appropriated under Public Law 874, and a total of \$1.087 billion under Public Law 815. These figures show how extensive the program has become; how vital it is for the educational system; how important it is that the Congress act promptly.

More than 4,000 local school districts are being placed in the impossible position of being unable to complete budgets for the fiscal year. Without budgets they do not have any idea how large an educational program they can attempt—how many teachers to hire, what salaries to pay, what additions to undertake.

In short, by delaying approval of this program, the Congress is tampering with the education of millions of American pupils.

As the Senate knows, impacted areas legislation simply calls for Federal subsidization of schools in areas where there are Federal defense establishments such as Air Force, Army, and Navy bases, and where an undue and unusual load has been placed on the local school system because of the Federal installation.

It is well known that I am opposed to Federal aid to education through grant and loan programs, but when the Federal Government places an undue burden on a local school district, and when the local district does not have compensating tax revenue sources, then I think it is the responsibility of the Federal Government to provide funds for relief of the critical situation it has created.

Federally impacted areas have problems that other communities do not have to face. First, there is the sudden impact of an accelerated population increase. This in turn creates the problem of increasing all public services—schools, roads, water supplies, transportation. All this creates an abnormal drain on local resources that cannot be met by the normal solution of raising local tax rates. And, we must remember that because the population of many of these areas fluctuates and because the Federal activity often is unstable, there is less investment in these areas in permanent residential and commercial property.

For all these reasons, extension of impacted areas legislation is imperative.

Because more than 4,000 school districts are marking time awaiting a decision on this legislation, the Congress must act now.

Therefore, I send to the desk this bill embodying a simple 3-year extension of impacted areas legislation, and I ask unanimous consent that it lie at the desk before printing through the close of business, Friday, November 15, so that other Senators may join as cosponsors if they so desire.

And, Mr. President, I ask unanimous consent that there be printed in the Record at this point in my remarks two tables setting forth the current data on the allocation of funds under each of the applicable statutes.

The ACTING PRESIDENT pro tempore. The bill will be received and ap-

propriately referred; and, without objection, the bill will lie at the desk as requested, and the tables will be printed in the Record.

The bill (S. 2304) to extend for 3 years Public Laws 815 and 874, 81st Congress, providing assistance for schools in areas affected by Federal activities, introduced by Mr. TOWER, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

The tables presented by Mr. Tower are as follows:

I.—Public Law 815: Federal funds reserved, for local educational agencies and Federal installations, for construction

State	Total	
	1951-62	1962
Total.....	\$1,069,873,115	\$71,820,859
Alabama.....	21,659,507	435,336
Alaska.....	29,283,725	3,173,420
Arizona.....	37,888,304	3,118,460
Arkansas.....	15,000,595	755,229
California.....	172,446,297	10,133,191
Colorado.....	20,527,133	1,814,642
Connecticut.....	12,214,944	2,377,916
Delaware.....	3,053,067	
Florida.....	29,813,885	4,591,787
Georgia.....	36,088,738	1,651,914
Hawaii.....	18,863,589	
Idaho.....	8,022,211	1,326,068
Illinois.....	14,872,973	136,645
Indiana.....	9,094,915	
Iowa.....	2,274,377	16,520
Kansas.....	19,041,365	772,763
Kentucky.....	15,746,397	33,000
Louisiana.....	7,003,264	86,135
Maine.....	7,631,699	1,660,000
Maryland.....	53,818,029	4,607,407
Massachusetts.....	13,143,167	1,040,896
Michigan.....	46,312,077	2,874,702
Minnesota.....	3,985,029	45,381
Mississippi.....	8,152,070	30,080
Missouri.....	19,924,415	296,124
Montana.....	11,197,637	2,302,433
Nebraska.....	7,887,801	2,107,063
Nevada.....	9,234,886	1,573,650
New Hampshire.....	1,719,954	
New Jersey.....	13,828,991	1,063,052
New Mexico.....	39,782,535	1,522,471
New York.....	20,209,688	1,279,310
North Carolina.....	20,242,802	1,143,730
North Dakota.....	4,624,311	869,960
Ohio.....	24,776,954	1,406,598
Oklahoma.....	30,184,745	1,962,928
Oregon.....	4,159,318	16,675
Pennsylvania.....	4,549,996	44,010
Rhode Island.....	4,311,395	116,000
South Carolina.....	17,458,233	785,655
South Dakota.....	9,145,125	2,283,430
Tennessee.....	8,954,714	19,090
Texas.....	65,788,334	3,624,247
Utah.....	12,025,862	1,094,329
Vermont.....	185,111	
Virginia.....	73,693,183	6,035,453
Washington.....	47,751,320	934,943
West Virginia.....	243,148	75,000
Wisconsin.....	2,013,328	248,990
Wyoming.....	2,327,548	48,056
Guam.....	2,818,373	
Puerto Rico.....	4,583,180	130,320
Virgin Islands.....		
Wake Island.....	372,871	125,750

II.—Public Law 874: Appropriations, fiscal year 1962

Category and State	1962
	(1)
Appropriations.....	\$247,000,000
Total entitlements.....	1,246,633,498
Net entitlements:	
Alabama.....	5,349,576
Alaska.....	6,808,231
Arizona.....	5,189,876
Arkansas.....	1,428,031
California.....	42,033,957
Colorado.....	7,163,724
Connecticut.....	2,457,392
Delaware.....	259,832
Florida.....	6,215,166
Georgia.....	5,592,672

¹ May be changed on basis of additional information.

II.—Public Law 874: Appropriations, fiscal year 1962—Continued

Category and State	1962 (1)
Net entitlements:	
Hawaii.....	\$4,938,280
Idaho.....	1,913,609
Illinois.....	4,852,945
Indiana.....	1,282,105
Iowa.....	532,322
Kansas.....	538,375
Kentucky.....	1,474,530
Louisiana.....	964,454
Maine.....	2,062,810
Maryland.....	9,461,446
Massachusetts.....	7,131,493
Michigan.....	1,918,719
Minnesota.....	501,835
Mississippi.....	1,840,855
Missouri.....	2,724,784
Montana.....	2,186,652
Nebraska.....	2,757,568
Nevada.....	1,569,402
New Hampshire.....	1,320,536
New Jersey.....	5,974,390
New Mexico.....	5,172,539
New York.....	6,058,625
North Carolina.....	2,781,324
North Dakota.....	916,227
Ohio.....	5,615,602
Oklahoma.....	7,490,344
Oregon.....	1,176,678
Pennsylvania.....	5,096,775
Rhode Island.....	2,218,765
South Carolina.....	3,809,630
South Dakota.....	2,425,471
Tennessee.....	2,511,403
Texas.....	13,981,061
Utah.....	2,257,324
Vermont.....	57,533
Virginia.....	15,559,386
Washington.....	9,611,802
West Virginia.....	141,120
Wisconsin.....	702,584
Wyoming.....	931,349
Guam.....	188,432
Virgin Islands.....	71,150
Payments to Federal agencies.....	13,379,770

Gordon S. Seagrave, introduced by Mr. HART (for himself and other Senators) on November 5, 1963.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6868) making appropriations for the legislative branch for the fiscal year ending June 30, 1964, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 14, 33, and 39 to the bill, and concurred therein, and that the House receded from its disagreement to the amendment of the Senate numbered 32 to the bill, and concurred therein, with an amendment, in which it requested the concurrence of the Senate.

VETERANS DAY TRIBUTE TO THE NATIONAL GUARD AND THE RESERVE

Mr. WALTERS. Mr. President, it befits us here today to reaffirm our allegiance to those hallmarks—patriotism and readiness. Today our guardsmen and reservists are indelibly stamped with these principles which have motivated the men of our Nation to meet the many threats to the safety and well-being of our homes and families and to our Government, over the years. To me, the citizen soldier is a manifestation of a spirit essential to our existence as a free and democratic nation—the spirit which has been demonstrated by their voluntary service in peace and war against any element that would harm our people.

The hardy and self-reliant pioneers of Tennessee as a State and territory descended from some of the best fighting strains in the world—Anglo-Saxon, Scotch-Irish, Huguenot, and Welsh. Tennessee is known as the Volunteer State. As we well know, the Declaration of Independence was adopted by the Continental Congress in 1776. Four years later we were still fighting to hold the independence which that historic document declared. The first recorded call for volunteers in Tennessee history is found in the records of Col. John Sevier, Washington County, Tennessee Territory, who on March 19, 1780, issued a call for 100 good men. Two hundred answered. He and the militiamen he commanded did their part to insure our independence.

But it was not until the war with Mexico that Volunteer State became the byword for Tennessee. Congress called for 50,000 volunteers. Tennessee's quota was 2,600. When the volunteers were counted, there were more than 26,000 from Tennessee alone. Balloting was used to determine which of the original volunteers would be accepted, and the campaigning for this privilege of volunteering was conducted as sharply and as seriously as a race for high political honor today. Before the end of the War of 1812, when Andrew Jackson was ready

to march to New Orleans over the Natchez Trace to fight the British under Lord Pakenham, opportunities to enlist were so eagerly sought that men paid for the privilege of volunteer service.

During World War II, seven draft boards never had to draft a man because volunteers filled Tennessee's quotas.

Tennessee's guardsmen have participated with force, fervor, and fame in our Nation's wars, starting with the Revolution.

While we desire to pay tribute to past achievements, the enormity of the present-day challenges compels us to consider the future. Our Constitution is designed to discourage a large permanent Army. On the other hand, the shrinkage of time brought about by supersonic transportation and instant communications systems makes it impossible to wait until the danger is imminent to train our manpower. There are those who argue that we really do not have so much need for our Reserve components—that war has changed so materially that we should have an Army continuously large enough to meet any conceivable crisis. I can assure you Mr. President, that I do not agree with them. Crises come and go, and we are strengthened considerably by this large pool of trained manpower who have volunteered to serve and be called when needed. Our Reserve components must, however, be ready as never before, and must also fit into the war plans of the "one-Army team."

With a strength of only a little over 960,000 men and women, the Active Army provides the key part of the forward line of defense of the free world. With U.S. military assistance advisory groups and military missions established in over 40 countries of Europe, Asia, and South America, the Army assists in training nearly 200 ground combat divisions in countries of the free world. Also, it maintains a strategic reserve of combat divisions capable of reinforcing immediately our overseas theaters or of coming with limited war anywhere.

One of the Army's most important capabilities is that of being ready to undergo full-scale expansion in the event of a general war. This capability is the key to the success of our one-Army concept, and our Reserve components are essential with their paid drill strength of approximately 700,000 stationed in communities throughout the country.

In the event of full-scale mobilization, the Reserve component units expanded to full combat strength would increase the size of our Active Army many times its present strength. The combat units have some of the latest equipment in the Army's inventory, and continued emphasis is being given to acquiring more up-to-date equipment for them. The 30th Armored Division is a part of the immediate Reserve. As such it is authorized to maintain a high percentage of its full organizational strength, and will be given preferential treatment in the allotment of available equipment.

Continued emphasis is being placed on programs bringing the Reserve component units to the highest possible state of mobilization readiness. Probably the

AMENDMENT OF SMALL BUSINESS ACT—AMENDMENTS (AMENDMENT NO. 318)

Mr. HART (for himself, Mr. HUMPHREY, Mr. MCCARTHY, Mr. McNAMARA, Mr. NELSON, and Mr. PROXMIER) submitted amendments, intended to be proposed by them, jointly, to the bill (S. 1309) to amend the Small Business Act, and for other purposes, which were ordered to lie on the table and to be printed.

FEDERAL SERVICE PROCUREMENT—ADDITIONAL COSPONSORS OF BILL

Mr. BENNETT. Mr. President, since my bill on Federal service procurement (S. 2254) was printed, eight additional Senators have asked to be included as cosponsors of the bill. I ask unanimous consent that at the next printing of the bill the names of Senators HRUSKA, PROUTY, RIBICOFF, BAYH, MILLER, JAVITS, JORDAN of Idaho, and THURMOND be added as cosponsors of the bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AWARD OF MEDAL TO DR. GORDON S. SEAGRAVE—ADDITIONAL COSPONSORS OF JOINT RESOLUTION

Under authority of the order of the Senate of November 5, 1963, the names of Mr. LONG of Missouri, Mr. PELL, Mr. WILLIAMS of New Jersey, and Mr. YARBOROUGH were added as additional cosponsors of the joint resolution (S.J. Res. 131) to authorize the President of the United States to award a medal to Dr.

best test of whether these programs are paying off is the amount of time it will take after mobilization to prepare the Reserve components for their post mobilization roles. The Berlin crisis in the fall of 1961 was an actual test of the mobilization readiness of our Reserves. This partial mobilization revealed a number of deficiencies which the Defense Department has since been working diligently to correct. Plans are also under way to shorten the period required for units to become fully combat ready.

We came through World War II with the biggest bomb in the world, the "blockbuster," which had the explosive equivalent of 6 tons of TNT and 1 ton of TNT was a good unit of measurement.

It is easy to see that the Defense Department is in the time business. No longer can we count on adequate warning of either an impending or an actual attack. We cannot afford to take chances, because in the 5,000 years of mankind's history time has been compressed.

For over 4,900 of the 5,000 years of this history, the speed of man's progress was measured by the speed at which he could travel. That speed was the speed of the horse and the oxcart, which never exceeded a few miles a day. Man could go only as fast as a horse could carry or pull him. Rich man, poor man—both could travel only as fast as the oat burner could carry him.

In the time of Paul Revere, American history was made only as fast as a horse could gallop.

In 1830 man broke the oat barrier with the iron horse.

In 1910 we bought the first military plane, and it reached the incredible speed of 42 miles per hour. By World War I, we were getting speeds of 100 miles per hour on the automobile race-track and with some aircraft, and toward the end could boast of 150 miles per hour in the air. At the beginning of World War II we were at 200 miles per hour and ended at about 470 miles per hour, which was top secret. And then came the break through the sound barrier. Now we glibly talk about 18,000 miles per hour. Few people can realize how quickly we have progressed from the oat burner to the atom burner, but in 1956 the pilot of a Navy plane fired his guns, then the plane overtook its own bullets and shot itself down.

Now one can fly from coast to coast in seemingly less time than it takes him to get his baggage after he gets there.

The atom bomb changes all that. We invented the word "kiloton," meaning a thousand tons of TNT; but for the H-bomb we invented "megaton," measuring 1 million tons. And how big is a megaton? It would fill a string of boxcars, stretching for over 200 miles, and would roughly equal 166,000 blockbusters of World War II.

In World War I we talked of ranges around 20,000 or 30,000 yards, and in World War II of maybe 80,000 yards. Then yards as a measure of range became obsolete; so now we talk of thousands of miles.

Technology is the machine that multiplies a man's strength a billion times.

To think that the world is 25,000 miles around is like thinking of money in terms of 1914 dollars. But even the mile has shrunk more than the dollar.

Already in our lifetimes we have seen more technological change than in all the previous history of the world. The little world in which we were born and educated is not here any more.

If there is anything we can learn from history, it is that man seldom profits by it, even when he could. One thing we can learn, that the newer anything is, the more complex it is, and the more complex it is, the sooner it becomes obsolete.

There was a time when war was very simple and a bunch of guys went out into the field and battered each other's brains out while the rest of the people went on living as though nothing much was happening. In such a war the artillery lent the only dignity to what was otherwise just a disgraceful brawl.

Now war has gone technological. A Nike missile system contains 1.5 million parts, 217,000 feet of conductor wire, 2,000 feet of coaxial cable, 2,000 electron tubes, 12,000 resistors, 5,000 capacitors, 460 relays, 1,250 coils, plus numerous other items.

Clubs were good weapons for thousands of years. And then the complicated bow and arrow was invented, but they did not last as long as the club. Then we had the new ultimate weapon, but today's will not last as long as the bow and arrow, because it is more complicated.

Technology is a peculiar thing—it has no morals; it may be used for good or evil. It has no nationality; it may be used by friend or foe; it can eliminate polio or people; and it has no feelings. It can be used to create a hell or paradise.

Some people say we are not prepared for war. Somebody is going to ask if we are planning for a long war or a short war. Ask the fire department if it is planning for a big fire or a small one.

We do not plan on starting any wars. But we must recognize that we have potential enemies. There may be no timely warning of any impending or actual attack. So we hope that the precautions of being well prepared will cause our enemies to hesitate and think before starting a war. Nonpreparedness invites war. We will have little or no time to prepare after the enemy attacks.

I believe that preparedness does deter aggression. I believe that if you are prepared, and conspicuously prepared, you are not likely to get into a fight. I never heard of anyone picking a fight with a guy unless he thought there was a chance of beating him.

In our time things are exploding. If you are 20 or 30 months behind the time, you are further behind than being 20 or 30 years behind in your father's time. If we fail to maintain the pace we can be only a second-class nation. War is that peculiar game in which no medals are awarded for second place.

It has been said that if we build up our defenses and they are not needed, we lose only dollars. If we do not have them, and they are needed, we lose our country.

But remember, regardless of all of the technology we have now, and the great weapons we have produced, the centuries-old hunt for the ultimate weapon reveals that man himself is the ultimate weapon, and will always remain so. But the only place where the ultimate weapon can come from is the community. The ultimate weapon is the soldier, guardsmen, and reservists who make the sacrifices necessary to attain the victory. This contribution of the community demonstrates the spirit of a great State and Nation. This is your great privilege, your responsibility, your job as Americans.

OPEN MARKET FINANCING FOR REA

Mr. LAUSCHE. Mr. President, pending in the Agriculture Committee of the Senate is a bill introduced by me which, if enacted, will substantially change the terms, conditions, and the rate of interest under which loans made by the Rural Electrification Administration are authorized. I introduced this bill because it is apparent that the original purpose for which the REA was created has been achieved—at present practically 98 percent of the farmers of the Nation being served with electricity; moreover, that there was no justification for the U.S. Government lending money to rural electric cooperatives at 2-percent interest when the Government in borrowing the money with which to make the loan had to pay a rate of interest of about 4 percent; also that our efforts of keeping Government out of business would be greatly hampered and the tax revenues of the Federal Government adversely and seriously impaired if the Government perpetuated a tax situation under which rural electric cooperatives paid 3.2 cents of their annual revenues in taxes while private power companies paid 22.8 cents.

When the REA law was passed the rate of interest was fixed at 3 percent and in 1945 lowered and then pegged at 2 percent deliberately to aid the rural electric to establish themselves and to be able to serve the farmers. It was believed, and in all probability it was so, that the moneys could not be borrowed in the open public market at a rate of interest that would have enabled these rural electric to survive. That situation, however, in the course of time has completely changed. Money can now be borrowed in the open market at a rate of interest that will enable these rural electric to expand if they so desire.

A good example of what the lending capacity of the open market is has been revealed by the encouraging experience in Ohio. In my State 30 rural cooperatives formed a supercooperative called the Buckeye Power Co. This combination of 30 rural cooperatives operating under the name of the Buckeye Electric Power Co. has joined forces with a subsidiary of the investor-owned American Electric Power Co. to set up a new \$125 million generating plant. This combination of 30 rural electric co-ops in putting up its share of the money to construct the generating plant is not borrowing it from the Rural Electrification

Administration of the Federal Government but has gone into the open market to raise their share of the capital by borrowing from general institutional lenders.

The powerplant which is being built with a combination of capital provided by the private power companies on the one hand and the 30 rural electric co-ops on the other will have the largest power generating capacity of any plant under one roof in the world. The ability of rural cooperatives to borrow in the open market rather than from the Federal Government is clearly demonstrated by this Ohio experience. It constitutes substantial proof that the laws of the Federal Government on rural electrics need modification.

ACCOMPLISHMENTS OF THE SENATE LEADERSHIP

Mr. AIKEN. Mr. President, I call attention to the fact that remaining on the Senate Calendar are only 20 bills or resolutions, and they include House bill 7885 which now is before the Senate. Of these 20, only 8 can be considered controversial in any sense of the word; the other 12 would take perhaps 30 minutes to dispose of.

Mr. President, the condition of the calendar, with virtually no work for the

Senate on it, is in itself the greatest tribute to the leadership of this body which can be found.

Mr. MORSE. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield.

Mr. MORSE. I join in the statement of the Senator from Vermont. I suggest that in the next day or two a compilation of the legislative accomplishments of the Senate at this session be prepared and printed in the RECORD, because it also will buttress and fortify the observation of the Senator from Vermont as to the effectiveness of the leadership of the Senate in proceeding with the legislative program which awaits our attention.

The Senator from Vermont is quite correct in saying that on the calendar there are only 20 bills or resolutions. If he does not object, I shall ask unanimous consent that the Senate's Legislative Calendar be printed at this point in the RECORD, because I believe it is a complete rebuttal to the statements of those who seek to give the impression that the Senate has been dragging its heels, insofar as the floor work of our leadership is concerned. That is not so.

Even of the eight measures on the calendar which the Senator from Vermont has said might be considered con-

troversial, I do not believe any one of them would be classified by any of those of us of long experience in the Senate as being major.

Mr. AIKEN. Yes.

Mr. MORSE. Yet we continue to be charged in some quarters in the press and elsewhere as not doing our job.

Certainly it is not our fault if some bill is not reported from a committee; and it may not be the fault of the committee, either. Certainly it is not our fault that a civil rights bill is not pending in the Senate. The Senate is waiting for that bill to be passed by the other body. In the past 24 hours, I have checked on that situation; and I think the sources in the other body which I questioned are utterly reliable. They have said, "Senator, you will not get a bill on civil rights in another 2 weeks." Those are realities of the legislative process. But I do not see why the leadership of the Senate should be held up to unfair criticism because the roadblocks are elsewhere and not on the floor of the Senate.

Mr. President, I ask unanimous consent that the calendar of the Senate for today be printed at this point in my remarks.

There being no objection, the calendar was ordered to be printed in the RECORD, as follows:

General orders under rule VIII

Order No.	Number and author of bill	Title	Reported by
305	H.R. 4214.....	An act for the relief of the Stella Reorganized Schools R-I, Missouri. (\$1,500)	June 27, 1963.—Mr. Eastland, Committee on the Judiciary, without amendment. (Rept. 331.)
319	S. 5, Mr. Yarborough and others.	A bill to provide readjustment assistance to veterans who serve in the Armed Forces during the induction period.	July 2, 1963.—Mr. Yarborough, Committee on Labor and Public Welfare, with amendments. (Rept. 345.) (Minority views.)
449	S. 1540, Mr. Magnuson.....	A bill to amend the Federal Aviation Act of 1958 to provide for the regulation of rates and practices of air carriers and foreign air carriers in foreign air transportation, and for other purposes.	Aug. 28, 1963.—Mr. Monroney, Committee on Commerce, without amendment. (Rept. 473.)
451	S. 1033, Mr. Magnuson.....	A bill to establish a uniform system of time standards and measurements for the United States and require the observance of such time standards for all purposes.	Aug. 30, 1963.—Mr. Magnuson, Committee on Commerce, with amendments. (Rept. 475.)
462	H.R. 82.....	An act to amend the Merchant Marine Act, 1936, in order to provide for the reimbursement of certain vessel construction expenses.	Sept. 11, 1963.—Mr. Bartlett, Committee on Commerce, without amendment. (Rept. 486.) (Minority views filed.)
483	S. Con. Res. 1, Mr. Clark and others.	Concurrent resolution to create a joint committee to study the organization and operation of the Congress and recommend improvements therein.	Sept. 19, 1963.—Mr. Hayden, Committee on Rules and Administration, with an amendment. (Rept. 504.) (Individual and supplemental views filed.)
485	S. Res. 111, Mr. Church and others.	Resolution amending rule XXV of the standing rules relative to meetings of committees while the Senate is in session.	Sept. 19, 1963.—Mr. Hayden, Committee on Rules and Administration, without amendment. (Rept. 506.) (Individual views filed.)
486	S. Res. 89, Mr. Pastore and others.	Resolution providing for germaneness of debate under certain circumstances.	Sept. 19, 1963.—Mr. Hayden, Committee on Rules and Administration, with amendments. (Rept. 507.) (Individual views filed.)
502	S. 927, Mr. Magnuson.....	A bill to amend title 12 of the Merchant Marine Act, 1936, in order to remove certain limitations with respect to war risk insurance issued under the provisions of such title.	Sept. 24, 1963.—Mr. Bartlett, Committee on Commerce, with an amendment. (Rept. 523.) (Individual views filed.)
546	S. 2100, Messrs. Magnuson and Jackson.	A bill to continue certain authority of the Secretary of Commerce to suspend the provisions of sec. 27 of the Merchant Marine Act, 1920, with respect to the transportation of lumber.	Oct. 17, 1963.—Mr. Magnuson, Committee on Commerce, with amendments. (Rept. 568.) (Minority views filed.)
566	H.R. 7885.....	An act to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.	Oct. 22, 1963.—Mr. Fulbright, Committee on Foreign Relations, with an amendment. (Rept. 588.)
570	S. 2265, Mr. Morse.....	A bill to amend the Library Services Act in order to increase the amount of assistance under such act and to extend such assistance to nonrural areas.	Oct. 29, 1963.—Mr. Morse, Committee on Labor and Public Welfare, without amendment. (Rept. 592.) (Minority views filed.)
572	S. 1396, Mr. Fong.....	A bill to consent to the institution of an original action in the Supreme Court for the adjudication of the claim of the State of Hawaii to certain land and property situated within that State.	Oct. 29, 1963.—Mr. Fong, Committee on the Judiciary, without amendment. (Rept. 594.)
602	S. 689, Messrs. Long of Missouri and Symington.	A bill for the relief of Lila Everts Weber.	Nov. 1, 1963.—Mr. Long of Missouri, Committee on the Judiciary, without amendment. (Rept. 624.)
609	H.R. 7431.....	An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1964, and for other purposes.	Nov. 6, 1963.—Mr. Byrd, of West Virginia. Committee on Appropriations, with amendments. (Rept. 632.)
614	H.R. 6001.....	An act to authorize the conveyance to the Waukegan Port District, Illinois of certain real property of the United States.	Calendar called Nov. 8, 1963.
615	S. 432, Mr. Ribicoff and others.	A bill to accelerate, extend, and strengthen the Federal air pollution control program.	Nov. 7, 1963.—Mr. Randolph, Committee on Public Works, without amendment. (Rept. 637.)
616	H.R. 6518.....	An act to improve, strengthen, and accelerate programs for the prevention and abatement of air pollution.	Nov. 7, 1963.—Mr. Muskie, Committee on Public Works, with amendments. (Rept. 638.)
617	S. 298, Mr. Sparkman and others.	A bill to amend the Small Business Investment Act of 1958.	Nov. 7, 1963.—Mr. Muskie, Committee on Public Works, without amendment.
			Nov. 8, 1963.—Mr. Sparkman, Committee on Banking and Currency, with an amendment. (Rept. 639.) (Minority views.)

General orders under rule VIII—Continued

Order No.	Number and author of bill	Title	Reported by
618	S. 1309, Mr. Sparkman.....	A bill to amend the Small Business Act, and for other purposes.....	Nov. 8, 1963.—Mr. Sparkman, Committee on Banking and Currency, with an amendment. (Rept. 640.) (Minority views.)
619	S. Res. 218, Mr. Humphrey.	Resolution conveying to the National Academy of Sciences and the National Research Council, congratulations for its contributions to science and technology.	Nov. 8, 1963.—Mr. Hill, Committee on Labor and Public Welfare, without amendment.

Mr. AIKEN. The Senator from Oregon has made an excellent suggestion that the calendar be printed at this point in the RECORD. This is my 23d session of the Congress. I have never known a session in which the work which has been presented to the Senate has been kept cleaned up as promptly as has been the case at the present session.

As the Senator from Oregon has said, it is not the fault of the Senate that there are not more bills before it. I shall not go into that subject again today because I went into it yesterday.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. LAUSCHE. Mr. President, for some time I have desired to comment about our majority leader. I am of the belief that if it had not been for his guidance and his fairness of treatment of other Senators, with the controversial bills that have been pending this year, chaos would be dominant on the floor of the Senate.

It was only through this extraordinary leadership that the vigorous crosscurrents that were incident to those bills did not go into violent operation, splitting the Senate with hatreds and animosities. At least during the period that I have been in the Senate—7 years—there has not been a year in which so many important and controversial bills came before the Senate.

Some bills have not been passed. Complaint has been made that Senators have been dragging their feet. Do any of those who complain think of the fact that probably among those bills are proposals that ought not to be passed? Why should the presumption be indulged in that all the bills that have been introduced should have been passed? Many people throughout our country believe that if we had passed fewer of the bills that have been passed, the taxpayers would generally be better off. But in any event I give credit to the Senator from Montana [Mr. MANSFIELD]. He has guided the Senate with extraordinary effectiveness. A different type of leadership might well lead to chaos in the Senate.

Mr. AIKEN. Mr. President, I yield the floor.

RUSSIAN TRADE AND U.S. WHEAT

Mr. YOUNG of North Dakota. Mr. President, I was greatly honored and pleased to have the editor of the Bismarck Tribune, published at Bismarck, N. Dak., Mr. John Hjelle, use a considerable part of one of my recent newsletters in his November 7 editorial entitled "Russian Trade and U.S. Wheat." Mr.

Hjelle ably and effectively sets forth his views on this wheat transaction.

Mr. President, I ask unanimous consent that this editorial be printed in the RECORD as a part of my remarks.

Mr. President, I also ask unanimous consent to have another editorial by Mr. John Hjelle, appearing in the November 8 issue of the Bismarck Tribune and entitled "Agriculture's Budget Share" printed in the RECORD as a part of my remarks. In this editorial Mr. Hjelle again illustrates his knowledge and deep interest and concern for agriculture, which is by far the biggest industry in North Dakota.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Bismarck Tribune, Nov. 7, 1963]

RUSSIAN TRADE AND U.S. WHEAT

The fallacy in refusing to sell American wheat to Soviet Russia is pointed out by Senator MILTON YOUNG in his current newsletter, in which he also discusses wheat prices and recent wheat export history.

Says the Senator on the question of selling wheat to Russia:

"Our trade with Russia has been limited. However, it is interesting to note that during the past 11 years we bought \$92 million more from Russia than they bought from us. Thus they have had 92 million extra dollars to help spread communism throughout the world. There is no magic to the Communist economic system. Their resources and the amount of money they can spend on their war machine and for other purposes is limited. Even the gold they export to better their balance of payments with the rest of the world costs them about twice as much to mine as they can get it for on the world market. Russia would have less money to spend for war purposes if we trade some of our wheat for their limited supply of gold or dollars."

This is, or should be, fundamental even to the most ignorant of the self-styled experts who have condemned the sale of surplus American wheat to Russia on grounds that to sell them our wheat will aid the Red cause. Yet the opposition continues, to the detriment of America's best interests.

The North Dakota Senator also digs into another aspect of the wheat export question. He writes:

"Until Public Law 480 was passed in 1954 our normal yearly wheat exports were around 300 million bushels. Since then they have gone as high as 700 million bushels. Drought in European countries and elsewhere will increase these exports to 800 million bushels or more. Even without any Russian sales, exports could reach 900 million bushels."

"The truth is that if we did not sell to Russia, she and her satellites would obtain much of their wheat and flour requirements through the backdoor approach. In the past, sizable amounts of our wheat—sold at bargain prices to our allies—have been transhipped as either flour or wheat to Communist countries. Actually, it boils down to a question of whether we want to sell directly

to Russia at world prices for dollars or gold, or whether we want to let our allies reap sizable profits as the middleman. The United States is the only nation in the world which places any restriction on the sale of wheat to Russia."

Russia, of course, would much prefer not to have to buy U.S. wheat. It is the market for our wheat only because it has been unable to produce what it needs at home. It would, obviously, rather be an exporter than an importer. This fact in itself is plain proof that to sell, for dollars or gold, will be to U.S. advantage.

The proviso that the sale be for dollars or gold, with prompt payment, is, of course, the crux of the proposition. In this case we happen to be the able but not anxious seller, and Russia is the unwilling but anxious buyer, forced into this position, we are told, by climatic conditions beyond its control. If these are, indeed, the facts, it is hard to see how the sale could be anything but to the advantage of the United States, cold war or not.

[From the Bismarck Tribune, Nov. 8, 1963]

AGRICULTURE'S BUDGET SHARE

The Department of Agriculture, which is one of the biggest spending units of the Federal Government, is also one of those units most subject to criticism for its spending.

But according to Senator ALLEN ELLENDER, of Louisiana, the Democrat who heads the Senate Agriculture Committee, what the Department spends is not out-of-line with spending by other branches of the Government.

ELLENDER's thoughts along these lines are quoted in the newsletter of the National Association of Soil and Water Conservation Districts. He says:

"The budget of the Department has increased from year to year, as has the budget of every other Government agency. But it should be remembered that the Department still requires only 5 or 6 percent of the Federal budget each year to operate all of its needed and desirable programs. These programs include such things as meat inspection, disease and pest control, research and extension work, the protection of our resources, and many others. Its budget represents only about one-twelfth of what we spend each year on national defense, and is almost exactly the yearly amount spent for research to send a man to the moon."

"On the basis of national population, the agriculture budget represents an expenditure of about \$8 per person to insure the production, inspection, and marketing of the finest meats, vegetables, and other foods at the lowest cost to the consumer of any nation on earth. Also, this money helps to provide school lunches for our children, food for our needy, and aids in developing and maintaining our national resources for unborn generations yet to come."

"Agriculture is a primary source of new wealth in our country. It is the main provider of basic raw materials which support all segments of business and industry. Reliable estimates indicate that each dollar of wealth taken from the soil generates \$7 of income throughout the rest of our economy."

"It can easily be seen that the Department fills a very great need in our national life. Though its programs and budget have increased greatly in the 100 years since it was created by President Lincoln, I have little regret about the money spent in this direction."

IMPACT OF WORLD TRADE ON NEW HAMPSHIRE

Mr. MCINTYRE. Mr. President, discussions now in progress will result in a foundation for the Kennedy round of tariff negotiations in 1964. The United Nations will convene a world conference on trade shortly before those negotiations begin. Today the countries of the European Common Market began a series of critical negotiations aimed toward the achievement of a common agricultural policy. I hope that the Congress will consider the means by which the public shall be kept informed of decisions made during these negotiations and the issues they pose for us all. Senator HUMPHREY has proposed a Joint Committee on Trade which could consider many of the broad problems posed to public policy by the rapid growth in world trade throughout this critical period. I should like to draw the attention of my colleagues to a thorough study of our foreign trade problems, with particular reference to my home State of New Hampshire, written by Mr. James D. Ewing, publisher of the Keene Evening Sentinel. The issues he raises deserve our continued attention. I shall shortly address the Senate on the particular needs of our vital woolen textile industry, which I have been studying for some time. Many other matters will merit our attention, from balance of payments problems to proposals for expanded trade between East and West. Mr. Ewing's articles are thoughtful, comprehensive, and based on a wealth of interviews and firsthand information. I ask unanimous consent that the four articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Keene (N.H.) Evening Sentinel, Nov. 5, 1963]

IN LONG RUN EVEN TEXTILE AND SHOE FIRMS BENEFIT BY FOREIGN TRADE

While two of New Hampshire's largest industries plead for curbs on competing imports a special E Award flag flies over a Keene plant with 300 employees, presented in behalf of the President for outstanding contribution to the Nation's export expansion program.

Here is the paradox of foreign trade as it affects the economy of the State: Jobs and profits threatened by imports; jobs and profits created by exports. And always there is the knowledge that to sell abroad a Nation must buy abroad.

The State's textile and shoe industries are being hurt by imports. There have been layoffs; there is talk of mill closings. Almost without exception imports are blamed. It's not surprising, therefore, that foreign trade has become virtually a dirty word in parts of the State.

But to focus on the undeniably serious problems of these two industries is to distort the trade picture as a whole. Even from the point of view of New Hampshire's economy, there is a bright side to the story.

For the Nation as a whole, it's brighter still. The latest estimates are that the

United States will have a \$5 billion trade surplus in 1963.

GOVERNOR'S CONCLUSIONS

Gov. John W. King, in a statement prepared for this series of articles, summed up the Granite State situation this way.

"I believe," he said, "that the field of foreign trade presents a great opportunity and a great challenge to New Hampshire business. On the one hand, we have virtually untapped opportunity to expand our markets through exports. On the other hand, some of our most important industries are seriously threatened by competition from low-priced foreign imports."

King's two words—"opportunity" and "challenge"—indicate the contradictions of foreign trade. For example:

Referring to imported textiles, George A. Dorr, Jr., president of Dorr Woolen Co. of Newport, said last month: "We have an intolerable situation. * * * We have impossible competition. * * *

At almost the same time, David F. Putnam, president of Markem Machine Co. of Keene, which received the E Export Award, told a reporter: "The world is our market. * * * Our target is to get 50 percent of our orders from overseas."

SENATORS PROTEST

In August, New Hampshire's Senators CORTON and MCINTYRE joined 31 colleagues in a plea to the President to check "the avalanche of cheap (imported) shoes which are flooding the Nation, making the future 'dark indeed for this important segment of our economy.'"

Meantime, Donald D. Davis, treasurer of Miniature Precision Bearings, Inc., with 700 employees in Keene and Lebanon, said: "The success of MPB's international division has demonstrated the desirability of developing foreign markets. We expect continued growth."

CHICKS BUSINESS IMPROVES

While poultry processors in the South have made an international issue of increased tariffs on frozen chickens from the United States, the same tariff increase has boosted sales to Europe of baby chicks and breeding stock for American breeders, including Hubbard Farms in Walpole.

Governor King has supported efforts to halt the flow of shoe and textile imports; he has also just appointed a State Council on Foreign Trade to help promote the export of Granite State products.

In short, much is heard—understandably—about the import threat to New Hampshire jobs, but very little is heard about the jobs which depend, directly or indirectly, on the export sales.

No nation on earth is completely self-sufficient. All must buy from other nations and sell to them. And no nation these days can have it all one way: if it wants to sell to others, it must buy from others.

The United States must import huge quantities of vital minerals—tin, zinc, aluminum ore and nickel. Without these imports our economy would be close to collapse.

SOME JOBS DEPEND ON EXPORTS

Though it may sound strange to a New Hampshire shoe or textile worker, whose very job may be threatened by imports, the truth is that far more Americans benefit from imports than are hurt by them. Moreover, many more Americans hold jobs which depend on exports than are seriously threatened by imports.

Three out of every four newspapers are printed on imported paper. The coffee you drink in the morning is imported; so is the tea, if you prefer that. Half the sugar you put into your cup is imported.

Many of the appliances in your house probably contain components made abroad.

Some of your wife's clothing, and yours too, may be made of imported yarn or cloth. You and your kids probably use some imported sporting goods.

There are few factory parking lots which don't contain foreign cars. And anyone from Detroit will recall vividly the way those imported cars forced the huge auto industry to bring out the "compacts."

So even if you work in a shoe factory or textile mill, you're benefiting from imports. Perhaps it's a product we don't produce at all in America. Perhaps, as has often been the case, the imported products sell for less. As a consumer, you benefit in both cases.

Or, perhaps foreign competition has forced the American manufacturer to increase his efficiency and find other ways to lower his prices. Again, it's to your advantage as a consumer.

American manufacturers also benefit from imports. They often buy needed raw materials abroad, and they use much foreign-made machinery.

Even the textile industry, so hard pressed these days, is using imported machines to improve efficiency, and more than half its wool comes from overseas.

BURLAP FROM INDIA

A large textile firm in the southwestern corner of the State, Troy Mills, has carried the process even further. One of its most profitable products is based entirely on burlap imported from India.

Thus, competing imports may be a dagger aimed at the heart of some of our textile and shoe companies, but other imports are providing substantial benefits to every New Hampshire citizen, including those in import-threatened industries.

THREE MILLION IN EXPORT JOBS

The export picture is different. The United States is the world's largest exporter. We sell far more to other countries than we buy from them—by an estimated \$5 billion this year. Roughly, we expect to export about \$22 billion worth of products and to import about \$17 billion worth.

In 1960, according to official estimates, more than 3 million American jobs were supported by exports. And, surprisingly perhaps, nearly another million were supported by imports. That would mean a total of about 4 million jobs dependent on foreign trade. Today the figure is undoubtedly higher, as both our imports and our exports have increased.

There are no reliable figures on the number of jobs which have been lost or are directly threatened by imports. But there's no doubt whatever that the number is far smaller than those dependent on exports.

Figures for New Hampshire are sketchy. It's no secret that a good many thousands of jobs are in the shoe and textile industries, some of which are threatened by imports.

But no figures are available on the number of jobs which depend on exports. John F. Rowe, Commissioner of Resources and Economic Development, has estimated the State's industries are directly exporting nearly \$75 million worth of goods a year. But no one knows how many more millions of sales are indirectly related to exports.

A machine tool, for example, may be shipped to Detroit to help make cars, and Detroit exports millions of dollars worth of vehicles every year. A component for a guided missile, a plane, a typewriter, or a special machine may be made in New Hampshire, shipped to another State for assembly, and the end product may land in Germany or Japan. No one knows how many New Hampshire jobs or how many dollars are thus involved in foreign trade. But the figures would be impressive.

Governor King's statement said this about exports from New Hampshire: "There is opportunity of almost unlimited scope in the

export field. There is almost nothing produced here in New Hampshire which does not have a potential market abroad."

But there's a hooker. If we expect to sell abroad, we have to import from abroad.

It's going to be a little hard to tell the Italians, for example, that we want them to buy plenty of goods in the United States but we don't want them to sell their shoes and textiles here.

Those two products, which are now hurting two important New Hampshire industries, account for about 25 percent of Italy's total sales to the United States.

And if Italy can't sell her products here, she won't have the money to buy from us, and that would hurt a good many other American businesses.

[From the Keene (N.H.) Evening Citizen, Nov. 6, 1963]

STATE'S TEXTILE MEN FIGHTING IMPORTS, ARE ADOPTING NEW PRODUCTION METHODS

In mid-August a petition was sent to the White House, signed by more than 1,000 people from the Enfield area of New Hampshire. It "earnestly" asked the President to take immediate action to limit imported woolen fabrics.

The State's woolen industry "is threatened with destruction by foreign competition," Gov. John W. King said in a statement prepared for this series of articles.

A special subcommittee of the U.S. Senate, of which Senator NORRIS CORTON is a member, called upon the President in June to take unilateral action, if necessary, to check "the unrestrained flood of imports."

Representative JAMES C. CLEVELAND of the State's Second District has charged the Kennedy administration with "callous disregard for the plight of hardworking citizens" in the industry.

Meantime, similar pleas are being made in behalf of the shoe industry, the State's largest employer.

Like the textile industry, it is calling for quotas on imports by agreement with other countries if possible; by U.S. action alone if necessary.

Citing a 600-percent rise in imports and a 38-percent drop in exports since 1955, a group of Senators from shoe-manufacturing States, including Senators CORTON and MCINTYRE of New Hampshire, issued a demand for quotas last summer.

"If this situation continues—and there is nothing to indicate that it will change," the statement said, "it is easy to see that the future is indeed dark for this important segment of our economy and the thousands of workers it employs."

CORTON and MCINTYRE said New Hampshire's shoe industry, which has 18,000 employees, "must be protected from the avalanche of cheap shoes which are flooding the Nation."

But serious though the situation is for the shoe industry, it's worse for textiles. Shoe imports amounted to about 9 percent of American production in 1962. Imports of woolen textiles last year equalled nearly 22 percent of domestic production.

From the statements quoted, and others like them issued frequently in recent months, the conclusion might be reached that New Hampshire's woolen and worsted industry, which employs some 10,000 people, was at death's door—and that imports alone had put it there.

The industry does have plenty of trouble, but it is not all due to imports, although George A. Dorr, Jr., president of Dorr Woolen Co. in Newport, said imports could be "the straw that breaks the camel's back" for some mills.

By this he meant that competing imports could take just enough of a New Hampshire

mill's market to make it impossible to operate it profitably.

Since World War II there has been a spectacular nationwide decline in employment and in the number of mills in the woolen and worsted industry. But imports haven't been the only—or even the most important—cause. Indeed, the worst shakeout occurred prior to 1958, when imports were not nearly so great as today.

In addition to competition from imports, the industry has had to do battle with other materials, especially synthetics, and other manufacturing processes.

Even 10 years ago, for example faced ever-increasing competition from the giants of the industry—and the giants have been getting bigger. They have the resources to shift product lines more easily, bring more weight to bear in marketing and spend more money for research and development.

Finally, mills have closed and jobs have disappeared simply because domestic and foreign competition has forced a stepup in efficiency. New methods and new machinery—much of it imported—have meant increased productivity per worker. In fact, productivity has nearly doubled in the industry since 1947.

For these reasons, although industry employment and number of mills in operation declined, total production actually increased and so did the total amount of woollens sold in this country—up 27 percent from 1958 to 1962.

But here's where the rub of imports was felt. A large share of the increased market was captured by imports, which zoomed nearly 150 percent in the same period, and are still increasing. Today imports claim nearly 25 percent of the U.S. market.

The major reason for the spectacular rise in woolen and worsted imports is a simple one: price. Most of our toughest foreign competitors not only have highly efficient machinery, but their wage rates are far, far lower than ours.

Even after paying transportation, tariffs and other costs, they can undersell U.S. producers on many items. Under the circumstances, it's a tribute to American companies that the situation isn't far worse than it is.

How are they competing? By taking a variety of steps to offset the low-wage advantage of foreign producers. They have invested boldly in better equipment. They have adopted more aggressive selling and marketing methods. They have sought maximum efficiency. They have emphasized better design and styling. They have shifted product lines, and some have diversified by manufacturing entirely new items only remotely related to wool.

Troy Mills, Inc. of Troy, N.H., looked ahead some years ago and saw not only rugged domestic competition but also import pressure. So it embarked on a program of diversification which required heavy financial outlays, plus courage and imagination.

Today, Troy's woven product lines are radically different from those of even 10 years ago. Perhaps more significant, it is also turning out things like industrial filters, automobile trunk linings and plastic automobile seat covering. In a woolen mill such products were unheard of a few years ago.

This kind of vision has paid off; it may even have saved the company and the town which depends upon it. For, in a declining industry, Troy Mills' employment is close to what it was a decade ago, although it has been forced to make some layoffs recently.

Two other examples: Homestead Woolen Co. in West Swanzey and Dorr Woolen Co. in Newport have also adjusted to the new realities of the industry. Again it has been a case of courage, capital and ingenuity. Where Troy Mills shifted much of its production to entirely new types of products,

Homestead and Dorr stuck with woven fabrics.

But they have aggressively sought out products which a New Hampshire mill could produce and still compete. They have emphasized fabrics in which design and styling gave them an edge over the domestic giants and the foreign producers.

They sell hard; they take advantage of the best machinery they can obtain. They try to stay one jump ahead of the competition.

But the managements of these and other Granite State woolen companies are deeply concerned about the rising volume of imported fabrics.

Dorr, as chairman of the Northern Textile Association, has assumed a leading role in the woolen industry's battle to curtail imports. Paradoxically, he believes in free trade and opposes Government interference in business, as do many other woolen men. But he argues that unless some sort of restrictions are placed on imports (by agreement if possible, unilaterally if not), the casualty list in the industry will get pretty long. If it does, New Hampshire won't escape unscathed.

So he has joined the effort to pressure the Kennedy administration to seek a worldwide agreement for what are called "orderly marketing" arrangements. In reality this is a quota system, limiting imports into countries which cannot absorb them without seriously damaging domestic producers.

Although this is the very opposite of free trade, since it would curtail it instead of freeing it, such an agreement is already in effect for the cotton industry.

The woolen industry says it wants the same treatment. So does the shoe industry. And there are other industries, including even the giant steel industry, waiting to see how woollens make out.

Unlike any of the others, the woolen industry holds a sort of I O U from the administration. The President himself and various other administration officials have virtually promised to do for woollens what they did for cotton.

At the moment, however, they seem to be doing their best to forget their earlier statements. Though no one within the administration will say so for publication, in off-the-record conversation they indicate why they are unenthusiastic.

First, they argue that the whole concept of international quotas is contrary to the policy of free trade which every administration since Franklin Roosevelt has supported and which they (along with many businessmen) believe is the key to future growth of the American economy.

Second, they say that if woollens get such treatment, shoes will demand the same, and others will be standing in line at the door. Where, they ask, would this process stop? And if it didn't stop, we would soon have a shrinking instead of an expanding economy.

Administration officials seem convinced that, at least for the present, steps to restrict woolen imports would be more dangerous to the economy as a whole than continued or even increased imports.

For New Hampshire and other States which rely heavily on the woolen industry this means a rough road ahead; perhaps some mill closings.

But significantly, most New Hampshire woolen men aren't rolling over and playing dead. The instinct for survival is powerful. And behind them they have the rugged experiences of the postwar, industrywide crises which they weathered successfully.

One of them, Saul Greenspan of Manchester's large Waumbec Mills, was quoted in late August as saying:

"The survivors are mainly the strong firms which have kept up with the times. They should be able to make good progress in the future."

[From the Keene (N.H.) Evening Citizen,
Nov. 7, 1963]

ENTERPRISING FIRMS IN STATE FIND PROFITABLE MARKETS ABROAD

"The world is our market," the president of a Keene company said recently—and his firm is acting accordingly.

Markem Machine Co., whose 300 employees produce machinery, type, and inks to mark and identify just about any product imaginable, has always been interested in selling abroad. But about 5 years ago, President David F. Putnam said an intensified program for increased foreign sales was launched.

At that time about 5 percent of the firm's orders came from outside the United States and Canada. This year the figure will be about 25 percent—and the target for the years just ahead is 50 percent.

The company has received a special Presidential E Award for its contribution to the country's export expansion program. Only one other New Hampshire firm has received the award.

Markem has established a British company and another in Holland. They are responsible for sales and service in most of Western Europe. Markem distributors are responsible for merchandising in the rest of the world.

"Business abroad is not restricted to the giants," Putnam told a special congressional Committee on Small Business.

"In general," he said, "there is a vast market available to firms which will investigate the potential. . . . In the final analysis, sales do develop and more sales are available if one accepts the challenge and is willing to take advantage of these many opportunities (overseas)."

BEARINGS PLANT LOOKS AHEAD

Another manufacturer looking abroad is Miniature Precision Bearings, with plants in Keene and Lebanon. About 3 years ago MPB created an international division, with its own vice president.

Starting almost from scratch, according to Treasurer Donald D. Davis, the company established offices in England and Holland and staffed them with sales and service personnel.

Selling MPB's line of bearings, plus related products of other American manufacturers, the company has watched overseas sales climb steadily. Foreign business, Davis said, has become a significant part of the company's gross sales and the company expects further growth.

CHICKS GO TO BELGIUM

Breeding chicks is not manufacturing, but the product can be exported. Hubbard Farms in Walpole, N.H., is now shipping about 25,000 day-old chicks a month to Belgium. Another 10,000 go to other points abroad.

A shipment of chicks hatched in Walpole on Wednesday will be on a Hubbard Euro-poultry farm outside Brussels early Friday afternoon.

Hubbard plans to push its export sales harder. Its officials, according to William Phipps who handles exports, are convinced there is a sizable untapped market abroad, and Hubbard intends to get its share. "Export is the most profitable part of our business," Phipps said.

Not only are overseas sales adding to the company's profits, but last year increased foreign business helped the company weather a slump in domestic sales.

Ironically Hubbard has benefited from the recent transatlantic "chicken war." When the European Common Market boosted the tariff on frozen poultry meat which was being shipped there by processors in the South, the demand for chicks from the ECM promptly rose.

European farmers are now increasingly interested in raising broilers to take advantage

of the market our southern processors established but in which they cannot now compete effectively because of the higher tariff.

Thus the South's loss has been Hubbard's gain. It would be difficult to provide a better illustration of the strange ways in which world trade tends to balance itself off.

There are no reliable statistics on the number of New Hampshire jobs which, directly or indirectly, depend on exports. John F. Rowe, commissioner of the department of resources and economic development, has estimated that direct exports from the Granite State amount to nearly \$75 million a year.

But that figure does not reflect the volume of business which is indirectly dependent on the Nation's exports. It is known that many State firms manufacture components or production machinery for products which are assembled in other States and then shipped abroad.

It is also probable that for some companies export business may be a small percentage of total sales, but may in fact represent the firm's profit margin.

ENCOURAGED TO SELL

U.S. Government officials, along with industry organizations, a number of States and even some municipalities, are mounting a nationwide campaign to convince American business that it can sell abroad in far larger volume than ever before.

The Federal Government, according to Paul G. Carney, director of the Commerce Department's Boston office, offers a wide range of free services to any business which wants to boost its overseas sales or enter foreign markets for the first time.

These services, Carney said, range from exhibit space in various trade centers, to detailed confidential market surveys. Moreover, the Government maintains commercial attachés in almost every country, whose primary job is to assist American business.

But, Carney added: "Our services are being used mostly by larger companies, which need them the least. Smaller companies tend to assume they cannot export, but very often they could, if they'd just try."

A Department of Commerce official in Washington echoed Carney's views. "When it comes to exporting," he said, "too many American manufacturers have a negative attitude. They think of the difficulties of language, tastes, transportation, and procedures."

"Time after time it's been proved that American products can compete, even against low-wage competition, because price isn't everything."

He said American products have a reputation for good quality and design, and often American productivity and know-how can more than match the advantages of a foreign manufacturer's lower wage costs.

This view is shared by Putnam and other Granite State manufacturers who have entered foreign markets.

American manufacturers who want to sell abroad, especially in Europe, have other factors helping them, and their European competitors are well aware of them.

First, the tradition of European craftsmanship is not as strong as it used to be. Younger workers have less pride in the quality of their work.

Second, with European living standards rising and with full employment almost everywhere, many employees are not working as hard as in the past.

Third, these trends are coupled with rising foreign wages and fringe benefits so that the gap between U.S. payroll costs and those abroad is steadily narrowing.

Finally, the prestige of American products is rising overseas. We have established a reputation for quality which often offsets a somewhat higher price tag.

Some New Hampshire manufacturers have entered world markets other than by shipping abroad directly from the Granite State.

Adopting the philosophy of joining 'em if you can't lick 'em, some firms have made licensing agreements with foreign manufacturers to produce and sell the American product, paying a royalty for the privilege. Royalties add to profits here.

OVERSEA SUBSIDIARIES

Other companies have established subsidiaries overseas. And still others have gone into joint ventures with foreigners. Hubbard Euro-Poultry, for example, is owned half by Hubbard Farms and half by Belgians. Under either arrangement, all or part of the profits can come back to New Hampshire.

It is undoubtedly true that not every Granite State product can be sold successfully abroad. But Gov. John W. King believes "there is almost nothing produced here in New Hampshire which does not have a potential market abroad."

To help stimulate efforts to exploit this potential, King has appointed a council on foreign trade. It is expected to get to work soon.

One thing seems very clear. Governments of the free world, with the support of most (though not all) industry, are trying to unshackle world trade by reducing the protective tariffs and other restrictive devices of the past. This will intensify worldwide competition. It will also open up vast new markets for producers everywhere.

How the industries of the United States and of New Hampshire will respond is not yet clear, but American business has always prided itself on accepting tough challenges and seizing new opportunities. The future pattern of world trade is likely to give it a chance to do both.

[From the Keene (N.H.) Evening Citizen,
Nov. 8, 1963]

TRADE ISSUE: EXPANSION VERSUS PROTECTIONISM

Pleas for governmental protection against foreign competition are voiced by certain industries in Europe as well as in New Hampshire and other American States. They ask for high tariffs, import quotas or other devices designed to erect barriers against imported goods.

Often, but not always, these voices get a rather unsympathetic hearing. The basic reason is that Western Europe's industrial economy is, for the most part, geared to foreign trade.

"If an industry gets Government protection, it doesn't have to meet world competition, and often it doesn't try," a Danish pharmaceutical manufacturer, O. Hubner, told a reporter last month.

"The Dutch attitude is that if a company cannot compete, it might as well go out of business," according to Pierre Schloesser, a former member of the Dutch parliament who is now a high official of the European Common Market.

TARIFF POLICY

These and similar remarks indicating opposition to tariff barriers and other trade restrictions appear to reflect a general attitude. But like other generalizations, they can be misleading.

European countries do have tariffs and on some goods they are quite high. They have a variety of other restrictive devices as well. There are sharp variations in these devices from country to country, and commodity to commodity.

One of the objectives of the European Economic Community (the Common Market) is to agree on a single set of tariffs for the six member countries—France, Germany, Italy, Belgium, Holland, and Luxembourg.

Meantime, however, the development of the Common Market has provided a clear lesson for many industries of how freer trade can stimulate growth by opening new markets and of how international trade competition can spur increased productivity and thus permit higher wage countries to compete successfully with lower wage countries.

TRADE OR FADE PHILOSOPHY

Some small nations, like Belgium, Holland, and Denmark, have always had to "trade or fade," to use one of President Kennedy's phrases. They have lacked the resources and the manpower to survive except by trading.

But France was at the opposite end of the scale. Before she joined the Common Market, France was not a major trading nation.

Her industries manufactured mostly for the French market and her farmers produced mostly for it. She had a history of protectionism, and when the Common Market began in 1958, her wage levels were generally the highest of the six member nations.

For these reasons, French industry was not enthusiastic about the Common Market plan of cutting internal tariffs. The program called for progressive tariff reductions within the ECM until they were abolished after 15 years.

ENTHUSIASM REPLACED SKEPTICISM

But within a couple of years, according to Andre Colomblie, an official of the French Federation of Industries, business skepticism changed to enthusiasm.

The reason is not hard to find. Between 1958 and 1962, French exports to her five ECM partners jumped 140 percent, and her imports from them rose 105 percent.

The figures for the other countries are not quite as spectacular as France's and Italy's, but all have shown tremendous increases despite (or perhaps because of) the fact that during the same 5 years tariffs were slashed by 50 percent. Today they are down 60 percent and will probably reach zero by 1970, 3 years ahead of schedule.

These trade gains were achieved because the reduction in trade barriers opened up vast new markets for manufacturers in all the ECM countries. Consumers benefitted through lower prices, a wider choice of products and better design.

Moreover, French industry found that, contrary to its expectations, it could compete with lower wage countries like Germany. The imperatives of competition spurred French manufacturers to sharpen up their methods, install new machinery and increase their efficiency.

PAYROLL COST GAP NARROWED

At the same time, the rapid improvement in business throughout the ECM, coupled with a manpower shortage, stimulated rises in wage levels in other countries. Today the gap between French payroll costs and German, for example, is much smaller than it was 5 years ago.

In the field of consumer goods, rising standards of living and increased purchasing power throughout the ECM also increased the total market for all manufacturers.

There have been some casualties. In certain industries, notably the same two causing so much distress in New Hampshire—shoes and textiles—manufacturers in some countries have been hard pressed, especially by Italian competition.

But the overall picture is bright, and the Common Market is hungry for still more trade, especially with outside nations, including the United States.

The ECM hopes to come to the world trade bargaining table in Geneva next year with a unified program and to speak with one voice. This in itself would be no mean accomplishment, but Common Market officials in Brussels believe it can be done.

Europe knows the United States will be a tough bargainer, but the ECM appears willing to make reciprocal concessions, provided, as Colomblie put it, there is true reciprocity of sacrifice.

European officials are aware of the powerful groups in the United States which view the prospect of freer trade with alarm and argue that there are a number of American industries which must be exempted from tariff-cutting negotiations because they cannot compete "with cheap foreign goods," or "low wage countries."

THE SPECIAL EXCEPTION ISSUE

But the Europeans argue that they could make a good case for treating some of their own industries as special exceptions, especially their agriculture.

Moreover, they are not unduly impressed by American pleas of inability to compete because of higher wage levels. They say the wage gap is narrowing steadily, and also that advanced American technology has given this country a method of overcoming its wage disadvantage.

They invite Americans to look at the record since the Common Market began in 1958. Imports from the United States have shot up nearly 60 percent. In 1962, America had a favorable trade balance with the ECM of a whopping \$2 billion.

Some of the country-by-country figures are impressive. The ratio in favor of the United States in trade with Germany in 1962 was about 2 to 1; with France and Italy, slightly less than 2 to 1; and nearly 3 to 1 with Holland.

One further example: Germany imports 60 percent more machinery from the United States than she exports to this country, according to Dr. Karl-Heinrich Rieker, chief economist of the Institute of German Industry. In fact, Dr. Rieker said, automobiles are the only major category of manufactured goods in which Germany sells more to the United States than she buys from us.

Meantime, progress is being made in preparation for next year's scheduled world trade negotiations in Geneva. They will be held under the General Agreement on Tariffs and Trade (GATT), to which 53 nations subscribe. In trade jargon, they will be known as the "Kennedy round" of discussions.

PRECEDENT-SHATTERING EVENT

They will be precedent shattering so far as the United States is concerned. Apart from a handful of products exempted by law, President Kennedy has proposed that the entire list of American tariffs be laid on the table for negotiation of reductions of up to 50 percent of existing levels.

Before the final talks begin in Geneva, more products may be added to the list of exceptions. But the administration clearly intends to hold the list to a minimum.

This policy is being vigorously opposed by various American industries, including the hard pressed shoe and textile groups. They are arguing for more protection from import competition, not less.

But this far, the administration's position is staunchly in favor of freer trade. In this it has the support of major segments of American industry.

Washington appears convinced that the future growth of the American economy requires greater access to world markets; that substantially more businesses will prosper by trade expansion than will be hurt by it; and that American consumers will benefit through lower prices and greater choice of goods as a result of international competition.

THE ADMINISTRATION POSITION

The administration is taking the position that American industry can, in fact, compete successfully with less protection than it now has, provided always that other countries lower their barriers to an equivalent extent

to give our products greater access to their markets.

For industries like textiles and shoes, so important to New Hampshire, the prospect of less protection is a nightmare.

Their determined efforts to see that the nightmare doesn't become a reality may be successful. It is too early to tell.

The choice facing the administration is this: If the United States wishes to get the tariffs of others lowered for our goods, we're going to be obliged to reciprocate—and some industries on both sides of the Atlantic and elsewhere in the world are going to be hurt.

DOUGLAS CREDIT CONTROL BILL

Mr. SIMPSON. Mr. President, the controversial truth-in-lending bill continues to misrepresent itself to the American public even though it has never cleared even the subcommittee to which it has been assigned.

The proposal was recently the subject of a press release by the Illinois Retail Merchants Association, an organization which "uses credit as a constructive force for essential volume."

These merchants, all of whom conduct their business in the State represented by the Senator who is principal backer of the misnamed truth-in-lending bill, have labeled the measure "the most mischievous current example of the effort for further Federal control" over the Nation's leading institutions.

In presenting a plaque and other awards to Illinois Attorney General William G. Clark, the Merchants Association scored the "mischievous control of credit by Federal agencies as contained in the Douglas credit control bill."

In that quotation, Mr. President, I suggest can be found a more appropriate title for a bill which is directly concerned with neither truth nor lending but which is directed primarily at Federal control of the credit which is so vital to American business.

I ask unanimous consent, Mr. President, that the press release of the Illinois Retail Merchants Association, dated November 6, 1963, be printed in the RECORD.

There being no objection, the press release was ordered to be printed in the RECORD, as follows:

DOUGLAS CREDIT CONTROL BILL

Top Chicagoland merchants who use credit as a constructive force for essential volume, today noon—November 6—honored William G. Clark, attorney general of Illinois, for his success in setting up a Consumer Fraud Bureau, at a luncheon held at the Mid-American Club, Chicago, under the auspices of the Illinois Retail Merchants Association, a major legislative backer of the essential statute.

In presenting a plaque and other awards to the attorney general on behalf of the merchants, John Barr, chairman of the board of Montgomery Ward & Co., and chairman of the event, struck hard at the "mischievous control of credit by Federal agencies as contained in the Douglas credit control bill."

His complete remarks are as follows:

"I am happy to recognize and salute the young, energetic, imaginative and personable attorney general of the State of Illinois. Bill Clark is the type of public servant who deserves contemporary applause and recognition—and, Bill, we are happy to have an opportunity to extend our share of both."

We, at our shop over on Chicago Avenue, are convinced that sales volume diverted

from the channels of misrepresentation and fraud means more present and repeat business for all of us who attempt to conduct our businesses as merchants, in every good sense of that good word. We are particularly grateful, General Clark, for your Consumer Fraud Bureau which by making all proper efforts to protect the consumer, also protects the reputation of the good merchant, and means more sales for the honest retailer.

We are pleased, also, with your efforts to retain at the local and State level the responsibility for fighting and defeating the cancerous evils of fraud and deceit. Such local efforts inevitably must lead to less pressure for more control at the national level, for further federalization of our lives and our businesses.

The most mischievous current example of this effort for further Federal control undoubtedly is the so-called but mislabeled "truth-in-lending bill" being sponsored by the junior Senator from Illinois.

We appreciate, General Clark, that you and the Senator are members of the same political party. But I hope you won't mind our telling you that what you have done, and what you are doing, and what you plan to do to protect the consumer public of our great State is more practical and far more helpful to and protective of our people than any so-called truth-in-lending bill could ever hope to be. We, as merchants dedicated to serving our customers fairly and honestly, have a desire and a responsibility to clean our own house to the fullest possible degree. And to the extent that governmental help is necessary, we want that help at the local and State levels where bureaucratic costs can be held to a minimum and where the responsibility for protecting the good and for developing the wholesome growth of this great industry is more keenly felt and can be more closely watched over.

Finally, your efforts not to duplicate, but to augment the excellent work of our Better Business Bureau and our crowded courts, is leading to better cooperation on all sides. Our desire is to have Government and business and enforcement agencies working together as a team to create a more wholesome, productive atmosphere for the building of needed sales volume with the help of sound credit.

Illinois and Chicago are the consumer credit capitals of the world. We must protect the good name of credit. We need to fight, unsparringly, against those who would misuse and abuse credit, against those who, by their sharp and shady practices, are inviting impractical legislation which would make the extension of credit unprofitable for all of us who seek only to make this service available to our customers on an honest and legitimate basis.

The Illinois Retail Merchants Association invited, as participants in this evidence of regard for General Clark's program, a number of agencies who cooperated both in getting legislative acceptance of the fraud bureau statute and in continual efforts to protect the Chicagoland public against victimization. The guests included top executives of Chicago's daily newspapers, Ely Aaron, chairman of Mayor Daley's Human Relations Commission, Judge Benjamin Schwartz, formerly associated with the attorney general's office, and officers of the Chicago Better Business Bureau and the Credit Bureau of Cook County.

THE GOOD SHIP "SEQUIOIA"

Mr. SIMPSON. Mr. President, on November 6 I dispatched a letter to the Secretary of the Navy requesting a list of the names of passengers aboard the Navy's pleasure yacht *Sequoia* during

the time Mr. Korth was Secretary of the Navy.

I also requested this information by telephone, but I have yet to receive even confirmation of receipt of my letter.

It seems obvious now that the information I have requested will not be forthcoming through normal channels even though the *Sequoia* is not a ship of the line—unless it might happen to be the "party line."

Mr. President, I fail to perceive any valid reason for the administration's reluctance to divulge the identity of passengers aboard the *Sequoia*. It is not a fighting ship—it is a Government pleasure boat, fueled and furnished by the American taxpayers.

I ask unanimous consent, Mr. President, that my letter to the Secretary of the Navy be printed at this point in the CONGRESSIONAL RECORD with my remarks in the hope that its appearance on these printed pages will prove an inducement to the release of the information I have requested.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NOVEMBER 6, 1963.

THE SECRETARY OF THE NAVY,
The Pentagon,
Washington, D.C.

DEAR MR. SECRETARY. Recent events have made it necessary that I request from you a list of the names of all persons who have been taken aboard the Secretary of the Navy's yacht, the *Sequoia*, during the time Mr. Korth was Secretary of the Navy.

It is my understanding that by necessity the Navy keeps a list of the names of all the guests who have been entertained on the yacht. This is a simple request and should be complied with quickly. It is important that I have the complete list by Monday, November 11, 1963.

Sincerely yours,

MILWARD L. SIMPSON,
U.S. Senator.

JOSE FIGUERES AT HARVARD

Mr. HUMPHREY. Mr. President, Harvard University and the United States are indeed fortunate to have my good friend Dr. Jose Figueres, a former President of Costa Rica, devote several months of his valuable time and wide experience to the teaching of Latin American affairs in this country. As a visiting professor at Harvard, Dr. Figueres has initiated a course which has been met with great enthusiasm by a body of sophisticated and critical students.

Dr. Figueres recently granted an interview to Bertram B. Johansson of the Christian Science Monitor. I ask that this incisive question-and-answer session be printed in the RECORD.

There being no objection, the interview was ordered to be printed in the RECORD, as follows:

[From the Christian Science Monitor,
Oct. 23, 1963]

A VOICE FOR DEMOCRACY

(When a constitutional government in Latin America, which the United States has supported to the hilt, is overthrown by a military government defying the constitutional situation, what should U.S. policy be? Should it cut off foreign aid? Should

it let conditions deteriorate and ripen for anarchy, communism, chaos? A Latin American examines the issues.)

(By Bertram B. Johansson)

José (Pepe) Figueres often describes himself with pride as a ropemaker and a farmer. His pride in being an artisan—he also is an engineer of note—is his way of being completely modest about his accomplishments as a former President of Costa Rica, a tough leader in the fight against Communists in actual battles in the late 1940's in Costa Rica, and now in the ideological battle throughout the hemisphere.

Dr. Figueres is recognized as one of the hemisphere's deep political thinkers and statesmen, and one who has had an influence on the gradual formation of democratic thinking and morality in Latin America, far beyond what many observers have yet acknowledged.

He has often been a consultant to Latin American chief executives and to American Presidents, including Presidents Eisenhower and Kennedy. When his advice has been followed, which isn't very often, it has produced good results.

Dr. Figueres raises coffee and sisal, the latter for his own rope and burlap bag factory over which he exercises a fond and meticulous supervision, guiding the complicated weavings, turnings, and twistings necessary in the manufacture of rope so that it will come out of the twisting machines twisted in such a way that it will lie straight.

WHO NEEDS CHESS?

I once asked Dr. Figueres whether he played chess, thinking that he might, with such an inquisitive mentality able to cope simultaneously with the current specific moves and the faroff grand plan. He replied:

"Why do I need to play chess when I have my complicated ropemaking procedures and the snarls and intricacies of Latin American politics?"

This fall semester, Dr. Figueres is a visiting professor on Latin American affairs at Harvard University. Students often applaud his lectures, which is unusual at Harvard on any sustained basis.

His talent is such that while he can describe the hemisphere as going up in flames at one moment and prophesy Cassandra warnings of doom if the hemisphere does not wake up to the Communist threat, he still can forcefully and logically affirm his strong belief in democracy, and convince others of its strength.

He is a short-range pessimist on affairs in Latin America, but a long-range optimist. One of his worries is that there might be some people in the U.S. Department of State who don't believe democracy can work in Latin America.

During the height of the Dominican Republic crisis of late September, when President Bosch was overthrown by a military coup, Dr. Figueres received phone calls from the Dominican Republic, from Presidents Betancourt and Orlich of Venezuela and Costa Rica, from Gov. Luis Muñoz Marín of Puerto Rico, talked with members of President Kennedy's official family in Washington, and was in touch with many figures in the moderate liberal movement in Latin America, pressing for the principle of not recognizing illegal and military governments, and supporting constitutional juridical principles.

Dr. Figueres, who usually reserves the last 10 minutes of his Harvard lecture periods for a brisk question-and-answer period, willingly submitted to an interview, a synthesis of which follows:

Question. Dr. Figueres, how do you feel about the military coups in the Dominican Republic and Honduras and the overthrow of President Bosch?

Answer. This is a serious setback in the march of democracy in Latin America—one more setback.

The first Dominican communique from the military said they had seized control because "incapacity was the order of the day, and unemployment, too." This phrase is very significant in Latin American affairs. The military often finds that incapacity is the order of the day.

UNEMPLOYMENT CAUSES UNREST

And unemployment, unfortunately, is an indication of the real causes of today's unrest in Latin America. Today's unrest is mainly economic. The political events, the social tensions are only consequences of a sick economy.

The trend of the moment in Latin America, I am sorry to say, is toward more military coup d'etats. I have been saying this in my articles in the last few months. I am very sorry every time a democratic and civilian government is overthrown, but I expect more to fall.

This is a wave in a long movement of the currents of democracy within history. This is an unfavorable wave. We have to expect it. We mustn't be too disappointed.

The juridical system of democracy will eventually flourish, but for the time being the weakness of the Latin American economy is such that these things are bound to happen.

Question. How can you be so sure that democracy eventually will flourish, and that the problems are not insurmountable?

Answer. The problems are by no means insurmountable. I have been dealing personally with these problems of government by democracy and totalitarianism for a lifetime. And I have come to the conclusion, which is not wishful thinking, that democracy is not only acceptable but desired by most people, or by all people.

I would say that freedom is a luxury all human beings like to enjoy, that the capability of education is universal with the human being, that it is utterly pessimistic and negative to assume that some people, some countries, cannot live in liberty, or do not wish to live in liberty. You will hear this said, many times, that some peoples do not want, or do not deserve, or are incapable of handling freedom.

This is not true. There is a question of degree. The Anglo-Saxons may have a little more ability for adjusting themselves to order and freedom, but judging from what I have seen throughout the world, maybe more than from what I have read, because I want to use my personal experiences, these values are universal.

HEMISPHERIC COMPLETENESS

Question. How would you describe the importance of Latin America to the United States, and vice versa?

Answer. The Western Hemisphere—and I mean Canada, the United States, and Latin America—is destined to be a great factor in human history, and the sooner we are able to integrate in some manner, the sooner mankind will be benefited.

It is interesting to see, by means of a world map, the geographical as well as the historical importance of the Western Hemisphere. The Western Hemisphere is by far the most complete geographical area.

It is in the zones near the tropics that many of the products that are indispensable to civilization are produced. And it is only the Western Hemisphere as a whole that possesses both northern and southern regions, or temperate zones, and a wide tropical zone rich in sugarcane, coffee, cocoa, rubber, and other articles indispensable to our civilization.

Question. After a decade of dictators falling in Latin America, what would you describe as the reasons for this new wave of military governments in Latin America?

Answer. This is due to two causes. Many people have been scared by the advance of the Communist revolution, espe-

cially since the Cuban experience in 1959 with the advent of Fidel Castro. This is one of the reasons there seems to be an encouragement toward military dictatorship again, both by the conservatives of Latin America and of the United States.

The second cause, which may possibly be even more serious, is the Latin American depression, a depression of which you do not read in this country in your newspapers because it does not affect the United States or Western Europe, but a depression which in some aspects is as bad as the depression of the 1930's.

STABLE PRICES CALLED NEED

Latin America, after a certain boom, or relative boom of prosperity, caused partly by the economy of the Korean war, went into a depression caused by the dropping of the prices of Latin American exports, particularly of coffee, which is its main export and the second export article in the world. It comes after oil.

And this affects directly at least 14 Latin American countries and indirectly all of them, and also affects all sectors of the economy, even though they may not be directly concerned with coffee.

It is incredible how much economic harm has been done to Latin America by allowing the prices of primary commodities to drop. And when I say "by allowing" I mean by the lack of international means of stabilization at fair levels of prices.

Question. What do you think of the \$10 billion Alliance for Progress aid program in Latin America, which requires the cooperation of both continents in the hemisphere?

Answer. I think that if the Alliance for Progress—which is a good concept that I support—that if the alliance had paid more attention to raising prices of Latin American exports and raising wages within each country, this would have been better than relying too much on long-range plans of development and diversification. If prices of exports and if wages are not raised, we are going to have a decade of great economic difficulty.

The recent world coffee agreement is a good beginning. Unfortunately it came too late, and started at too low a level of prices.

The most important step in social improvement in poor countries is raising wages, and the most important step toward international economic justice is raising export prices.

Foreign financing of the capital deficit, and long-range planning, should be the complement of a basically sound relation with the developed countries.

LABOR URGES BUSINESS TO JOIN STRUGGLE IN LATIN AMERICA

Mr. HUMPHREY. Mr. President, in the wake of the keen disappointment I felt when the House cut \$150 million in Inter-American Alliance funds, it was reassuring to learn that the American labor movement is maintaining its program in Latin America and seeks to broaden its impact by urging American businessmen to do likewise.

Recently AFL-CIO President George Meany told the Chicago Executives' Club that organized labor, in a spirit of brotherhood and enlightened self-interest, is spending fully 25 percent of its entire income in its international program. This includes operation of training schools in Washington and elsewhere for Latin trade unionists as well as their support for a period of time after they return home to pass along their new knowledge.

Meany urged American business firms to help strengthen democracy in Latin America by learning to recognize the rights of the people and their unions. A private enterprise economy in which only the rich get richer, is inviting a Communist takeover, Meany stated.

Business apparently is seeing merit in the role labor is playing. David Rockefeller suggested recently a privately financed business counterpart of the Peace Corps.

It is entirely possible that in this vital battleground south of the border American labor and American business will forge a unity of purpose and action that will aid in freedom and economic advancement for the entire Western Hemisphere.

These facts alone should be evidence that we are being pound foolish in our foreign aid program at a time when the struggle is intensifying—not abating.

I ask unanimous consent that this speech by AFL-CIO President George Meany before the Chicago Executives' Club on September 20, 1963, be inserted into the RECORD. Also, to be printed in the RECORD two news stories relating to Labor's activity in Latin America and a transcript of a radio broadcast centering on the Alliance for Progress.

There being no objection, the speech, news stories, and transcript were ordered to be printed in the RECORD, as follows:

TEXT OF AN ADDRESS BY AFL-CIO PRESIDENT GEORGE MEANY TO THE CHICAGO EXECUTIVES' CLUB IN THE CONRAD-HILTON HOTEL ON SEPTEMBER 20, 1963

I welcome this opportunity here today to discuss the program of the labor movement in the field of international affairs, because I am convinced it is one of our most important undertakings—possibly, in terms of the future of the world, the most important of all.

Let me point out at the start that this is not a new field for us. The proceedings of the second convention of the American Federation of Labor, held in 1887, included a report by the resolutions committee—duly adopted—that "friendly relations with European trades unions . . . be continued and encouraged." Obviously those relations had already been established.

Originally, I suppose, this grew out of our common heritage with Western Europe. Many of the early union leaders in the United States had come from Great Britain or Germany, where Marxist trade unionism had its beginnings. Although our labor movement developed along different lines, the old ties have remained strong. For instance, all through this century, and back into the 19th century, we have exchanged fraternal delegates with conventions of the British Trades Union Congress.

But there is another common bond among workers that is even stronger. The man who works for wages has a great deal in common with all other men who work for wages, whether they are in France or Japan or in East Africa. The wage levels, the conditions of life, may differ from place to place, but the basic circumstances are very much the same. If you work for wages you still need some kind of organization, some kind of common effort, to protect and advance the common interests of all. This was the beginning of the American labor movement's interest in other countries—as they phrased it in the last century—improving the lot of the workman. And that was what we concentrated on, here and in other countries, almost to the exclusion of everything else.

In one sense this is still our basic goal. This is still the basic objective of a trade union. But in order to work toward that objective, we have had to broaden out. We have had to keep abreast of the tide of world events.

When that resolution was passed in 1887, the world was a much simpler place. At least it looked that way. The old A.F. of L. could concentrate on the condition of the workingman, because the framework of a free society was more or less taken for granted.

Yes, there were some restrictions on the freedom of American workers; but it was generally felt that they could be corrected in time, since there was freedom in the Nation as a whole. Yes, there was a czar in Russia, a Kaiser in Germany, and a great many kings and emperors in other countries. But only a few of them were absolute monarchs; most of them allowed some form of union organization, and besides, for almost two centuries prior to that, democracy had been cutting down the remaining citadels of royalty.

In short, it was possible to believe that if the labor movement just concentrated on improving the condition of the workers, it could, in a reasonable time, correct most of the shortcomings in human society. Freedom was on the march; labor only needed to catch up and keep up with the advance.

But then the tide began to turn. The Bolshevik triumph in Russia led to a regime that made the czar seem like Father Christmas by comparison. Mussolini's Fascists turned Italy into a police state. Hitler took power in Germany. Spain fell to Franco. And in small countries, a whole assortment of local strong men did away with democracy.

This was only the beginning. Through subversion and war, Hitler's Nazis crushed free societies in virtually every nation in Europe. After the war, "liberation" had barely been celebrated when the Soviets, in their turn, imposed an iron dictatorship on all of Eastern Europe from Latvia to Bulgaria.

For 25 years democracy gave way on one front after another, in one country after another, to totalitarianism of every kind—communism, fascism and some tinpot military dictatorships. The comfortable illusion of the past, that the triumph of democracy was inevitable and would take place of its own accord, was shattered. It was now obvious that democracy would not even survive unless it was vigorously defended—not just on the battlefield, but within the social structure of every country on earth.

These lessons were not lost on the labor movement. Far from it. We watched what was going on, not only as trade unionists, but as Americans, and this is what we saw.

In every nation which fell to a dictator—whether Communist or Fascist—the first objective of the dictator and his party was to destroy the nation's labor movement. Lenin did it; Stalin did it; Mussolini did it; Hitler did it.

And very recently, having stopped pretending to be a democratic reformer and showing his true colors, Fidel Castro did it in Cuba.

The very nature of a dictator requires that he must control the means of production in his country. You can't dictate to any country, whether the dictatorship is of the right or of the left, unless you control the means of production and this means controlling labor, and it means the destruction of free trade unions, because you cannot control labor if it is free to join one with another and create and use the trade union instrumentality.

Now, of course, American union members would be opposed to totalitarian governments in any case, simply because we are Americans. But their education has been

advanced by the realization that trade unions can exist only in a free society. I think this helps to explain why American labor is anti-Communist, despite the Communist claim from the very beginning that they had set up a workers' state. American labor took the very simple position that there could not be a workers state if workers themselves are not free.

There is another side to this, which the entire business community ought to realize. Just as there are no free trade unions except in free, democratic nations, there is no such thing as a free, democratic nation without a free labor movement. Not today; not in any country that has been transformed by the industrial revolution. So, if some people are tempted to wish that unions would disappear, they should pause for a second thought. If our freedom is destroyed, it is inevitable that other segments of the community will disappear as well.

Let me emphasize that the labor movement did more than merely observe while all this was going on. The AFL-CIO, which were then separate organizations, both gave generous help to refugees from Hitler's terror—just as the AFL-CIO has done, in the last few years for the Cuban refugees.

When the war in Europe ended, AFL-CIO representatives and experts were among the first on the scene, seeking out the surviving trade union leaders—most of them were in concentration camps—and helping to rebuild democratic trade union movements. With the exception of the Marshall plan and the aid given by that plan, this was probably the most vital factor in saving Western Europe from a complete Communist takeover.

In 1946, for instance, after liberation found the French trade union completely in the hands of the Communists, a new movement was started known as "Force Ouvrière," and this movement and the financing of it was started by the American Federation of Labor. The appropriation was made to start the French movement as a break away from the Communist-controlled labor movement, and this is fundamental in our philosophy, when the Communists get control of the movement, get control of its machinery, there is no such thing, then, as trying to fight from within. You have to break it up.

Another contribution was made in 1947-1948, when our people were on the scene. In fact, the Mayor of Chicago was the major representative of American labor, and Joe Keenan who is quite well known here and is a vice president of the AFL-CIO, spent the better part of 4 years in Germany seeing to it that the German trade unions recovered their property which has been taken from them by Hitler, seeing to it that they developed their trade union movement along the lines which we felt would be most effective in fighting the Communist threat. And, whereas previously in Germany, as a historic fact, there had always been three divisions of the trade union movement, the so-called Christian movement, the Protestant movement, and the so-called social-democratic movement, through the efforts of American labor, through the efforts of the people we sent to Germany—and we even reached into the clergy in order to increase our influence—we created in Germany in 1949 the Western German Federation of Labor which embraces all of these various segments of the trade union movement.

Actually, the same thing happened in Italy in 1948 and 1949 where we took two rival socialist groups and we were able to get them to join with the leading Christian-Democratic group to form the Italian Federation of Labor. Here was another case where the Communists had infiltrated at the time of liberation and had taken over the machinery of the traditional old Federation of Labor.

The AFL-CIO, of course, cooperated in 1949 in the formation of the International Confederation of Free Trade Unions, which links democratic labor organizations in all the world's democracies. The ICFTU Solidarity Fund, to which the AFL-CIO is the major contributor, helps to create and maintain unions in the new underdeveloped nations of Africa and Asia. Affiliated unions of the AFL-CIO are active in the international trade secretariats, which bring together unions in the same industries or occupations throughout the world.

Twenty-five percent of the AFL-CIO's national income—plus a great deal more from our various affiliates—goes into these international activities. And the only reward we want, the only reward we seek, is the advancement of democracy in these various areas of the world.

I have given this background in order to demonstrate that our interest in other nations is of long standing, and is solidly built upon enlightened self-interest as well as our concern for workers everywhere. We take the position, under the democratic system in this country, the free trade union movement has been able to advance—advance to a greater degree than has labor in any other country on earth. This doesn't mean we are satisfied. We are never satisfied. We keep on trying to improve. But, under this system here in the United States, we have made greater advances for American workers than have the workers of any other land, and we want for that very selfish reason, if you please, to preserve this system, to preserve a system under which it is possible to have the instrumentalities of a free trade union working on behalf of the workers.

So, when we speak of working overseas, we do so, not out of a spirit of charity but out of a spirit of brotherhood and a spirit of enlightened self-interest, because if democracy is destroyed any place in the world, that very fact represents a continued menace to the preservation of democracy here in the United States.

In other words, if all Latin America were to go the way of Castro, moving right up to our borders on the south, would that not, in a sense, be a menace to the preservation of American democracy and of the American system?

This is the reason we are active overseas, because we seek the preservation of democracy throughout the world. We see it as something that is meaningful to the preservation of democracy here, just as we see countries going behind the Iron Curtain representing a menace to the preservation of our free society.

Now, let me turn to a specific project, one in which we take a great deal of pride and satisfaction, the American Institute for Free Labor Development.

Stated in its simplest terms, the purpose of this institute is to train young trade union leaders from Latin America and the Caribbean areas. Train them in the functions of a trade union, how to make it more effective; and train them, also, and this is most important, in the role that trade unions can and must play in building a free, democratic, and prosperous society.

This was our idea, but we are not carrying it out singlehandedly. The institute is a three-way operation. It is supported in almost equal shares by industry, labor, and the Federal Government.

This is very encouraging to us, this participation of business in this enterprise. You may wonder why, for example, a man like J. Peter Grace, president of the W. R. Grace Co., should serve as chairman of the institute's board of trustees. Presumably, stronger unions in Central America would mean tougher collective bargaining problems for the Grace Co.'s operations.

But we have come a long way from the days of the banana republics, when Ameri-

can companies, out of necessity sometimes rather than of choice, made their deals with local tyrants, without regard for the welfare of the population. Mr. Grace and others like him are well aware that the choice today is between democracy and Castroism in Latin America; and that, if democracy is to win, it must meet the needs and the desires of the people, starting with a higher standard of living.

Oh, I don't mean that the whole business community with interests in Latin America should become converted to trade unionism. For that matter, the whole labor movement is not yet converted to the idea of engaging in a joint endeavor with business. Short-sightedness is not confined to any one segment of our society, or to any particular calling or profession.

However, as I have indicated, the widespread acceptance of the institute idea has been very gratifying. And so have been the results.

Let me expand on that brief description of the institute I offered a moment ago.

The operation is centered around a school in Washington, which, since it opened in June 1962, has trained 150 young labor leaders from 19 different countries. These young men and women have come in groups of about 35 each for a 3-month program covering such subjects as the U.S. Government and democratic institutions; labor history; labor education techniques; collective bargaining; threats to unionism and democracy, such as communism and corruption, labor economics and the economic problems of industry and agriculture; special Latin American issues, such as the Alliance for Progress and probably the most important of all, the role of unions as an integral part of a modern democracy.

But even more significant is the school's multiplier effect. Resident training centers or seminar programs in Ecuador, Venezuela, Peru, Colombia, Brazil, Bolivia, Chile, Uruguay, and the Dominican Republic have already trained some 1,300 fighters for democracy. Additional programs are scheduled for the Argentine, Central America, Mexico, Jamaica. Much of the teaching is done by institute graduates who are supported by the institute for another 9 months, after graduation, if this is necessary, after their return home.

Meanwhile, another institute operation, its social projects department is rounding out the picture by aiding unions in building housing projects for their members, establishing credit banks and consumer cooperatives and other community institutions. This department is currently working on some 80 projects submitted by some 50 Latin American and Caribbean unions that represent some 15 million workers.

The first housing project under the Social Progress Division was in La Lima, Honduras, and was dedicated on August 24. New homes in this workers' project can be purchased for a little over \$2,000.

We are devoting this particular attention to our southern neighbors because they are so clearly vital to this country's security. In that respect, Castro and Khrushchev may have done the United States a favor, and Latin America, too by bringing this infiltration of communism to the Western Hemisphere. Assistance to these people in the Caribbean and in Central and South America, can no longer be shrugged aside.

Actually, the bare facts about the physical operations of the institute cannot do it justice. These young people are not engaged in mere academic exercises. They are on the firing line—sometimes literally—in the struggle to turn back a well-organized Communist attempt to seize the labor movements in their own countries.

Let me give you just a few incidents.

Two of our graduates in Honduras have taken the Standard Fruit Co. union away

from total Communist control after a 9-month battle, in which they were attacked in the Communist-controlled press and radio—and had their very lives threatened.

Several months ago, the AFL-CIO inter-American representative went to Honduras and suggested to one of the graduates that he, being faced with the daily threat of violence, might want to be moved to another job.

He said, "Don't worry about me. The Communists wouldn't dare kill me—I am too well known now. If they killed me they would just be making a martyr of me."

And he went back to work and won his fight by giving this union a free democratic leadership.

Six Institute graduates also played an important part in bringing about a popular victory in British Guiana against the Cuba-oriented Government of Cheddi Jagan.

Only 10 days ago we received a letter from a graduate who was evacuated and was returned to British Guiana in late August, after completing our most recent course in Washington. Let me quote from that letter.

"The trouble we are facing here you are well aware of. Already members of the Parliament in the British Guiana Government are attacking me at public meetings. However, I want to assure you that their threats, abuses and attacks will only propel me faster in the fight against any form of totalitarianism or dictatorship in the trade union movement."

The American Institute for Free Labor Development gives men like these a conception of the role they can play in obtaining the benefits due to them as workers, and in carrying their unions forward into full participation in the economic life of their countries, toward a free and better future.

Just a few days ago, David Rockefeller, president of the Chase National Bank, appeared before the International Management Congress in New York and advocated what he calls a businessmen's peace corps. This sounds like a good idea to me, and I hope he follows through and I hope it becomes a reality. As I interpret his remarks, his main idea is to export American business know-how, in order to promote the American way of life. This means, in a sense, he is trying to export democracy. This is what we are trying to do in our role and we certainly welcome an expansion of this effort on the part of American business.

This is the point at which a discussion of international programs—whether they are Government or private—runs into the question of free enterprise.

We think our position is very simple and very logical. We assert without reservation that the private enterprise system has served this country very, very well. We support it; we are a part of it. It is true that we are sometimes accused of being socialists because we favor programs like hospital care for the aged under social security, or better minimum wages, or a 35-hour week. But these programs are not socialism; they are social welfare programs, and this of course is quite a different thing.

The American trade union movement is not interested in Government ownership of the means of production—which is what Marxist socialism means. We want to improve the American economic system, but we don't want to replace it with a different system; we want a better life for people who work for wages but we don't want to destroy the organization that pays those wages.

We like this system, and we are going to continue to like it until some better system is devised; and, up until now, all the efforts made over the centuries on the question of government, there is no system that has been produced that shapes up to the American system.

We heard, a few years ago, about the wave of the future; communism was the wave of

the future. And we heard about the 5-year plan, and the second 5-year plan, and the third 5-year plan and so on and so forth. We heard Khrushchev say he was going to get more food for the Russian people. They were going to have more butter and more vegetables, and more meat than the American people. We have heard all of these things, and this under the system which is supposed to bring the millennium to humanity.

And what are the results? After 40 years of Communist rule, what do we see back of the Iron Curtain? Anyone who thinks that there is some real mature benefits under the Communist system that are not present under our American democratic system, let them go back of the Iron Curtain. They will need nothing more. Let them go just through the wall of East Berlin or through the gate, and they will see the difference. You will see the reason why the American labor movement has long recognized that the so-called dictatorship of the proletariat was nothing but plain, simple bunk.

However, in working with these other countries, I think we must realize and recognize that this country cannot build other nations exactly in the image of the United States. Their circumstances are undoubtedly different, their resources are different, and their problems are different, and their heritage, although it differs from ours, is just as important to them as ours is to us.

In one country, the most popular approach may be for a government to own public utilities. After all, plenty of local, county, State governments own public utilities in this country, or even the transportation system, or even, as in the case of India, it may be necessary for the government to own a steel mill to get their production up to where it might be meaningful. This is something that people in each country have to decide for themselves, on the basis of the best possible advice, for their own best interests.

We in the AFL-CIO do not even try to influence the structure of the labor movements in other nations. We teach the fundamentals of union operation, but how the pieces are put together is up to the people involved.

Our interest—and I repeat, we believe it should be the interest of all Americans—is in promoting free, democratic societies. If the people of a nation freely choose certain political and economic forms, and remain free to change them, we should not be concerned about the forms themselves. For they have the essential quality of democracy—self-determination. That, of course, rules out the antidemocratic totalitarian systems.

Now, I happen to believe that any country is likely to be better off with a large measure of private enterprise—and that applies to the workers as much as anyone else. There may be instances where a greater mixture of government enterprises is desirable, but in general, private enterprise has proved to be the most effective road to progress.

But we cannot just say "private enterprise" and let it go at that. The system has to work for the benefit of the people as a whole. In Latin America, as elsewhere, this means that the owners of business and industry have to learn to recognize unions, to bargain collectively and to accept the right of workers to strike. A private enterprise economy in which only the rich get richer is inviting a Communist takeover.

If Mr. Rockefeller's business peace corps can teach that kind of know-how, as well as industrial techniques, it will strike a telling blow for freedom.

However, I am not minimizing the traditional role of the business community, foreign investment. I would like to see more foreign investment in the underdeveloped countries, such as those where our Institute graduates are striving to build a better life

for their people. Dollar for dollar, private money has a way of producing more results than government money in such undertakings.

Moreover, although I spoke a few moments ago about the probable need for more government ownership in underdeveloped nations, I have no sympathy for the expropriation of such investments once they are made. If a government decides it needs to own a facility built with American capital, it should pay a fair price for it—or be cut off from any further American aid of any kind. On this, I do not believe there can be any kind of compromise.

At the same time, American companies investing in these nations should be free from the spirit of "dollar imperialism." They have every right to expect a reasonable return; but they have no right to expect anything more than that, such as special protection against legitimate union organization.

What is needed are the kind of businessmen who have joined with us and with the Government in the American Institute for Free Labor Development—men who see that progress must be shared by all if it is to deserve the name. And, because they see this, they recognize the importance of a free, democratic, and effective labor movement in every free nation.

Since this is a wholly nonpolitical occasion, perhaps I may use a nonpolitical quotation from a man who is, among other things, a political figure—the President of the United States. He said in a message to the students at our most recent Institute class:

"The destruction of the free trade union movement has been a prime target of the Communist movement. Once the free trade union movement is controlled by a totalitarian state, permitted only to endorse the purposes of the state, the trade union movement is destroyed, and so is democracy."

This is what we believe; this is what we are determined to prevent, through the Institute and all our other international programs. And in this we invite the active help and cooperation of American business.

For after all, while unions and management may quarrel over the terms of a contract; while the AFL-CIO and business spokesmen may be deeply divided on a wide range of domestic issues, from fiscal policy to Federal housing, they should stand together in the great struggle of our times, the struggle that will determine the future and perhaps the survival of mankind.

There are times when management and labor may differ on the details of freedom—when each of us feels the other is taking some of his freedom away. But our devotion to freedom itself, and to its finest expression, the democratic way of life, is identical.

Therefore, what we in the AFL-CIO are doing, in Latin America and around the world, is in the best interest of American business as well as that of American labor; so we are doing it not for ourselves alone, but for the cause of human freedom all over the world.

[From the New York Times, Sept. 17, 1963]

ROLE OF U.S. LABOR GROWS IN LATIN-AID PROGRAM—13 MILLION IN LOANS APPROVED BY AFL-CIO TO HOUSE WORKERS IN THREE COUNTRIES

(By Tad Szulc)

WASHINGTON, September 16—The U.S. labor movement is playing an increasingly important role in assisting the Alliance for Progress in Latin America through direct cooperation with local trade unions.

The effort is still little known in this country. According to its sponsors, the American Federation of Labor and Congress of Industrial Organizations, it is making a noticeable impact, turning Latin workers away from Communist leadership and help-

ing them develop their own welfare projects.

The movement, which uses both funds and technical assistance, operates through the American Institute for Free Labor Development. It also works closely with the office of the U.S. Coordinator for the Alliance for Progress.

The institute was created in 1960, but its social projects department has been fully operative for only a year. It is administratively financed in equal parts by the AFL-CIO, the U.S. Government and the business community. George Meany, head of the AFL-CIO, is president and J. Peter Grace, president of W. R. Grace & Co., is chairman of the board.

The social projects department reported that in the year ended last month the American labor movement committed about \$13 million in direct loans for workers' housing in Mexico, Peru and El Salvador.

The loans, coming from AFL-CIO welfare funds, carry a 100 percent guarantee from the Administration for International Development.

In Mexico the labor movement has obligated \$9,569,000 for a housing cooperative for the Graphic Arts Workers Union in Mexico City. The Government has guaranteed full repayment in dollars. The Mexican Government has also donated land for the 3,104-dwelling project in the Balbuena district of Mexico City.

In Peru, where the institute has assisted in the creation of a Workers Democratic Alliance for Cooperative Housing, the AFL-CIO has committed \$3 million. The U.S. Government is supplying \$6 million in addition through the Alliance for Progress.

In El Salvador the labor movement is contributing \$400,000 toward a \$1 million workers' housing project directed by the Alliance for Progress.

William C. Doherty Jr., director of the social projects department, said today that the labor movement was prepared to lend an additional total of \$15 million for workers' housing in Argentina, Chile, Colombia, Uruguay and Ecuador under the U.S. Government guarantee.

In some instances, labor is matching U.S. and local funds. In others, it will cooperate with the Inter-American Development Bank.

The AFL-CIO is also seeking to develop savings and loan cooperatives among the workers in Latin America. The institute insists that a benefiting worker put into savings at least 5 percent of the total value of his home; that the land represent only 25 percent of the value of the home and its improvements, and that the worker pay a maximum of 25 percent of his regular family income toward the home.

The institute is also assisting unions in Latin America with the development of housing blueprints and the preparation of loan applications to the aid agency in Washington.

Mr. Doherty said workers in several unions had deposed Communist leadership after the institute had advised them that no assistance would be forthcoming so long as they were led by nondemocratic elements.

[From the New York Mirror, July 3, 1963]

How U.S. LABOR AIDS ALLIANCE FOR PROGRESS

(Before Victor Riesel left on a news-gathering tour of South America, he asked AFL-CIO President George Meany what he believed to be the most exciting development in Latin America. Here is Mr. Meany's answer.)

(By George Meany)

WASHINGTON, July 2.—The one most persuasive reason why I agreed to be a guest columnist for Victor Riesel this year is the area he is visiting on his annual overseas trip.

Latin America occupies more than half the Western Hemisphere. The southern tip of Texas barely dips below the 26th northern parallel; from there to the equator, and the whole stretch from the equator to land's end at Tierra del Fuego, is Latin territory.

Latin America is not only vast in size but, because of its location, if for no other reason, obviously of vast importance to the United States. Yet, until comparatively recent years, our country made no real effort to make friends of our southern neighbors on a basis of equality and mutual respect.

It would take the space of many columns to review that unhappy story. Rather than do that—or even to recite the better record of the labor movement—let us look at the more promising present.

Through the Alliance for Progress program the United States is at last making a comprehensive effort to create the economic, social, and political conditions that will make stable, democratic societies possible in Latin America. The program is far from faultless, but it deserves the interest and support of us all.

There is another Latin American program underway as well—one that is in some ways more dramatic. It is being conducted by the American Institute for Free Labor Development, now slightly more than a year old.

This institution was conceived by the AFL-CIO and is supported by funds from labor, business, and government. As its own statement of purposes declares, it is "dedicated to the strengthening of a free society through the development of free and democratic trade unions in the Americas."

In the narrow sense the Institute is a school. The students are young, freedom-loving Latin American trade unionists, carefully chosen by their own labor organizations in consultation with the Inter-American representatives of the AFL-CIO. They are brought to Washington, 35 or 40 at a time, for a 3-month course that embraces both union techniques and the successful practice of democracy. Those who graduate are then supported for 9 additional months, back in their own countries, to assure them of a chance to begin putting what they have learned to good use.

This is not a brainwashing operation, intended to dictate a course of action. Each applicant for admission must first have devised a project he hopes to carry out. Thus the Institute's role is to assist these young Latin Americans to do more effectively what they had already decided should be done.

Three classes have been graduated thus far, and a fourth is now underway. But the real story is not what goes on in Washington. The real story is what your touring columnist, Victor Riesel, will discover on the Latin American scene, both on the mainland and in the Caribbean islands.

He will find some 120 young men, the first three classes graduated by the Institute, creating and strengthening free, democratic unions where they had never before existed.

He will find them locked in battle against the Communist infiltrators trained in Castro's Cuba.

He will find them, preaching and teaching the democratic way of life, holding classes where their countrymen can learn how a union works, what democracy means, how to spot and smother Communist tactics, how to guard against dictators and demagogues from the right or the left.

He will find trade union training schools, schools for democracy, in Venezuela, in Peru, in Panama, and half a dozen other nations. He will learn that the "multiplier effect" of Institute graduates, 35 or 40 of them every 4 months, is likely to alter the whole course of history in Latin America.

Nor is this a static operation. The day is in sight when all the primary training will

be done in the Latin American schools, manned largely by Institute alumni.

To me, this is one of the most exciting undertakings in the history of the labor movement, for the future of more than half a hemisphere depends upon it.

LATIN AMERICA IN DANGER

Participants: President John F. Kennedy (report to the people on foreign aid); Teodoro Moscoso, U.S. Coordinator for the Alliance for Progress; Moderator: Harry W. Flannery.

Mr. FLANNERY. "Washington Reports to the People." President Kennedy on the House cut of half a billion dollars in foreign aid:

"President Kennedy: Under the terms of this bill, hopeful social and economic progress in Latin America will be stalled and our shield against Communist aggression in this hemisphere will be weakened. It will mean that the Soviet Union will be giving almost as much assistance to the small island of Cuba as the United States is to the whole of Latin America. This is no way to defeat communism in this hemisphere."

Mr. FLANNERY. What about the effects of the cut on the Alliance for Progress? The U.S. Coordinator of the Alliance for Progress, Teodoro Moscoso, answers for this radio station and the American Federation of Labor and Congress of Industrial Organizations. The interview is in Mr. Moscoso's office in the Department of State here in Washington. Your reporter, Harry W. Flannery. Mr. Ambassador, if the Senate went along with the drastic House cuts in foreign aid, would the Alliance for Progress be seriously affected?

Mr. Moscoso. Well, it has already been affected, psychologically speaking, of course, by the cut in the House, in Latin America. We are getting reports on editorial comment from prominent Latin American newspapers to the effect that there is a degree of disenchantment setting in with regards to the Alliance and to the creditability to the promises that the United States made at Punta del Este back in August 1961. I think that we can recoup and our image can be restored if the Senate gives us back a substantial amount of the cut made by the House.

Mr. FLANNERY. Is it true, Mr. Ambassador, as the Clay Committee indicated, that the Alliance couldn't use all the money originally requested?

Mr. Moscoso. One of the reasons why some of the Members of Congress believe that we cannot use these funds, and I believe the same reason applies to General Clay's statement is that last year we did not use a little over \$50 million of our appropriation. We didn't use it because we didn't think we could use it prudently. Now, I think that when a program is being administered in such a way as to get the utmost effect out of the taxpayer's dollar there should be confidence in the people who are administering the program and instead of cutting the funds for the next year, the funds that have been requested should be approved.

Mr. FLANNERY. I suppose the recent military revolts in Latin America haven't helped the situation?

Mr. Moscoso. No, they certainly haven't. They have set us back, politically. Hopefully, we again may be able to come out of this very bad setback in such a way that we not only can recover but obtain some advantage from this experience. For instance, I can see where the democratic forces in Latin America will probably rally to the call of danger to the threat that democracy may disappear from the hemisphere unless those who believe in it defend it. I think that since the Alliance for Progress precisely encourages democratic forces, this is the time for the Congress to approve the funds which will permit the Alliance to move forward at utmost speed.

Mr. FLANNERY. Mr. Ambassador, is it true that foreign aid really means jobs and it also

means the prevention of the spread of Castroism in Latin America?

Mr. Moscoso. Well, there is no doubt that a very substantial number of jobs are created by the aid program right here in the United States; approximately 50,000 jobs are pretty much dependent on the aid program because we do not send dollars to Latin America—dollars do not help Latin America or the rest of the underdeveloped world. We send machinery, equipment, commodities of all kinds and, obviously, in the production of these commodities and of this equipment and machinery and so forth, Americans are employed. Now, to say that the program, insofar as the Latin American part of it is concerned, addresses itself to destroying Castroism, I think we are putting the cart before the horse. I think what we are trying to do is create independent Latin American nations and, as a byproduct, we will, undoubtedly, reduce the appeal of Castro-communism.

Mr. FLANNERY. Might not a very effective appeal also be, Mr. Ambassador, the fact that this is a moral responsibility of the United States?

Mr. Moscoso. Well, yes. I think that both things should be done. I must say that a moral appeal is being made in this country in the good traditional democratic manner by private groups. I think there is hardly a community in the United States where some civic group hasn't come out for foreign aid and has supported it for humanitarian reasons.

Mr. FLANNERY. Tell us about some of the conditions in the urban slums, Mr. Ambassador, if you can take a few examples.

Mr. Moscoso. Well, in the case of some of the cities of Latin America, a rim of huts which are given rather picturesque names, depending on what country you are talking about, surrounds these capital cities. In many instances, no water is available, the death rate is very high, the average lifespan is very low, the literacy rate is also very low and, in general, a feeling of desperation permeates the atmosphere of these slum areas. That is why, even from an economic point of view, housing may be a low productivity investment. We are interested in helping Latin American countries begin to attack this problem of slums. We have a very strong program in Latin America of housing construction, both the AID agency and the Inter-American Development Bank have put up close to \$250 million in the past 2 years to assist Latin America in beginning to solve this problem.

Mr. FLANNERY. Has the American Institute for Free Labor Development, Mr. Ambassador, been a help in the progress of the program in Latin America?

Mr. Moscoso. Yes. The Institute has been working very closely with the AID agency and with the Latin American countries in two major ways: First, of course, the Institute runs a series of training centers, both here in the United States and in the major countries of Latin America to train democratically oriented labor leaders. About five groups have already been graduated from the U.S. center, and a new building is going to be dedicated within the next few days to house the Institute. We now have branches of this training center in five Latin American countries and, hopefully, we will get branches in other countries. Now, the second major thrust of the Institute's effort is in the social service field, primarily in assisting democratically oriented labor unions in putting together housing developments for the members of the democratic labor unions in that area.

Mr. FLANNERY. Has there been a change, Mr. Moscoso, in the attitude of the wealthy class in Latin America? Many have opposed reforms, as we know, and some had even lacked a national spirit so much that they were sending their money over to Swiss banks.

Mr. Moscoso. We have evidence of a number of very wealthy Latin Americans beginning to recognize their social responsibilities, which come with great wealth, and not only are they no longer, in many instances, opposing reforms but, in some instances, they are espousing reforms or leading them. Now, hopefully, as the program progresses and as these more privileged classes realize that it is in their self-interest to see that the masses of the people get a better break, we are going to see an increasing response of the wealthy classes to the social needs of their country and a greater participation and even the providing of more leadership on their part for the undertaking of reforms.

Mr. FLANNERY. One of the needed reforms is tax reform. Has this been accomplished to some extent?

Mr. Moscoso. Over 11 countries already have very substantial tax reforms either on their way or about to be undertaken. We should give them credit for having initiated so strongly and so well tax reform programs in some of their countries.

Mr. FLANNERY. Mr. Ambassador, you are suggesting that the Alliance for Progress has made considerable progress. Is this the case?

Mr. Moscoso. Well, I would say that it has made a lot more progress than the people who criticize the program are willing to concede. The ability is there now—140,000 houses have been built, 8,000 schools, 12,000 miles of road, we are now conducting school-lunch programs and other child-feeding programs among some 15 million people in Latin America. Even more important than that, I think that the Alliance is starting to take psychologically—it is starting to penetrate. It is becoming the object of sometimes acrimonious debates but that is all right; that is fine. I think that it is good that a program of this impact and of this dimension be debated and those who are against it have every right to say so, but those who are in favor are now coming out and defending it. And that is one way of making a program of this type well known.

Mr. FLANNERY. What is the hope for the next several years, Mr. Ambassador?

Mr. Moscoso. Well, in the first place, I hope that a greater degree of political stability will be achieved by the knowledge that the Government of the United States will not give economic assistance to military governments that unseat a democratically elected government. I think that with a greater degree of political stability, it will be able to perform much more rapidly in the economic and social field. Many countries will have introduced reforms within the next few years and many of them will have finished their national economic and social development plans, and it will be much easier then for our Agency and other credit agencies to finance these programs as they are embodied in these long-term plans.

Mr. FLANNERY. Thank you, Teodoro Moscoso, Coordinator of the Alliance for Progress. This interview was in Mr. Moscoso's office in the Department of State here in Washington. This is Harry W. Flannery inviting you to listen each week at this same time for this public-service program, brought to you by this radio station and the AFL-CIO—"Washington Reports to the People."

CHALLENGE IN LATIN AMERICA

Participant: Joseph A. Beirne, president, Communications Workers of America.

Moderator: Harry W. Flannery.

Mr. FLANNERY. As we see it.

Mr. BEIRNE. The American people are getting tired of carrying the burden of foreign aid, so we slash by \$500 million off Latin America. The result will be that 15 years from now we can carry the burden of the war that will go on, of the troops that will be necessary.

Mr. FLANNERY. Joseph A. Beirne, president of the Communications Workers of America, and secretary treasurer for the American Institute for Free Labor Development. In his talk to the 36th annual conference of the Catholic Association for International Peace on "The Christian Challenge in Latin America," Mr. Beirne called upon the Congress and the American people to preserve and continue the Alliance for Progress. Mr. Beirne warned that without action in the United States and reform in Latin America, Latin America will go Communist. For this radio station of the ABC network and the AFL-CIO, he declared:

Mr. BEIRNE. It was in the days of Franklin Roosevelt that we made famous the good neighbor policy. What is the good neighbor policy? To shake somebody's hand and say, "Go ahead starve, fellow. I am with you. I am your friend. I am here today and gone tomorrow. I will come visit you once in a while. I will eat your food and compare it with mine and tell you how lousy yours is." Is that a good neighbor policy? To me it's not. To me the significance of Latin America in the U.S. affairs has not come home to our political leaders.

One of the greatest things that has received a boost was Kennedy's declaration of the Alliance for Progress. What do you think is the result, when people see that only 2 years later the politicians of America got tired of Latin America and are not going to provide any more money?

This is really no coordination; those in the AID program, like Ambassador Moscoso, are trying desperately to do a job, but are frustrated at every turn of the game. And by what? Basically by the apathy of the American people. It all starts there. Those fellows in Congress just reflect what they have found out, in whatever way it is that they find out what you and I think, and their judgment so far this year has been that the American people want the Congress to do nothing. The American people are getting tired of carrying the burden of foreign aid, so we slash \$500 million off Latin America. We began something here for, it is my belief, that every American has an obligation and responsibility to do his part in the whole world scene, as well as Latin America but particularly in Latin America because we are connected to the continent. We have the obligation to sacrifice, and I mean sacrifice the way in which, at times, it hurts us, not the lipservice that is so often given by too many who are in a position to give more than lipservice.

Mr. FLANNERY. The secretary treasurer of the American Institute for Free Labor Development told of the beginning of the institute.

Mr. BEIRNE. We have got workers who are leaders—some 16 of them—from 12 countries. From our own resources we trained them for 3 months in the fundamentals of democratic trade unionism, the responsibility that goes with leadership and that goes with what they call power. Having trained them for 3 months, we carried them for 9 months on our payroll and had them go back to their own native lands to transmit to their own colleagues that which they retained from 3 months of training.

Our experiment worked. Of those 16 men—15 of them stuck it out—for they had to leave their homes and their families to come up here for 3 months and when they returned they had to stay away from their homes and their families as they traveled throughout their country, not on fast jets and planes and 19-foot cars—like we have in the United States—but sometimes on the backs of mules, sometimes hoofing it—walking it all the way—20 miles, 30 miles, 40 miles, living in the fields. They made the sacrifice of staying away from their homes to teach their own colleagues. And we were greatly impressed with what was revealed

as the capacity of those men—people down there—to sacrifice in carrying out the philosophy, the words and the ideas of free men.

So, a few years later, with a grant from the executives council of the AFL-CIO, securing the services of a professor from the University of Chicago, we studied the whole problem of setting up an institution, a continuing institution to carry out this kind of work. For the last 18 months to 2 years, we have such an institution. It is called, as your program suggests, the American Institute for Free Labor Development.

It's an organization in which the American labor movement, through the AFL-CIO was able to convince certain enlightened business leaders, certain men in the public domain, certain professors in North America and in South America, to join together in a board of trustees for the purpose of raising money to carry out, on a continuing basis, the education, the work attached to carrying the message of free institutions under law.

I am happy to be able to tell you that the pattern is the same as I outlined in our first experimental class 3 months ago here in the United States. Likely candidates have been sent to Israel and to Germany for 3 more months to pursue studies of certain aspects of movements that can be carried out in Latin America like the cooperatives, the credit unions. They had their further studies and then spent the balance of their time on internship, paid for by the American Institute for Free Labor Development, to carry out their work in their own country.

We have had four such courses up here in Washington. One hundred and fifty-one people—mostly men, some 11 women—spent their 3 months up here and are now down doing the job in Latin America of reaching others in their own native lands. We have a class that starts this Monday morning, right over here on 19th Street, off Connecticut Avenue, for those who come from Washington, in the old John Hopkins School for International Studies—the American Institute has taken over one of their buildings—and Monday morning, 31 more will be going through the fifth class for 3 months.

At the same time, we established institutes down in Latin America; we have some 11 already in operation in 11 different countries. Through those 11, we have already trained 1,682 men and women. What are we teaching there? We are trying to teach them that which is lacking in the curriculums of Latin America. Not only how to set up free institutions, not only how to fight to maintain them and continue them, but also that which has been lacking in Latin American life, the responsibility that goes with leadership—responsibility to an organization, responsibility to people, responsibility to a nation, responsibility toward the carrying out of an idea.

We remember reading in our newspapers here a few years ago about Richard Nixon, when he was Vice President. He went to Latin America and was stoned and spit on. Well, it took us, through our own means, about a month to determine that there were only four people—none of whom came from the nation—who organized that whole demonstration. Four Communist-trained men. And they were able, in a short period of time, to get hundreds of people, who didn't know who Richard Nixon was any more than they know what constitutes the powers of a nuclear warhead, but who were ready to spit at, ready to throw stones at him, as we remember seeing on our television and in our newspapers. Four Moscow-trained agents.

Now, the American Institute for Free Labor Development has only been in existence, as I say, operating for about 18 months or 2 years. The Communists have been there for 10 years. Thousands of men were taken to Warsaw, to Moscow, some used to

go to Peiping before the big split, trained not for 3 months, trained for a year, trained for 2 years. What will be one of our big problems in Cuba? Two years ago, 3 years ago, the whole fourth grade of the public schools—practically every child—was shipped over to Moscow to go to school. Many of them haven't come back yet. Now, when they come back, and they go to the schools in Cuba today, you and I should both know that when they grow up and reach the age of 16, 17 or 18 they will be dyed-in-the-wool Communists of the type that you can't touch. They have so many trained already that they are exporting them to other parts of Latin America.

Our universities in the United States have been doing a lot of things, but not enough. What we are doing is not enough.

Mr. FLANNERY. Joseph A. Beirne, president of the Communications Workers and secretary-treasurer of the American Institute for Free Labor Department, cosponsored by the AFL-CIO and American business leaders, in a talk at the 36th annual CAIP conference at the Sheraton-Park Hotel in Washington.

This is Harry W. Flannery, speaking for the AFL-CIO and inviting you to be with us next week at this same time for "As We See It." This program, a presentation of ABC public affairs, has been brought to you by the ABC radio network and the affiliated station to which you are listening.

LATIN AMERICAN INTEGRATION

Mr. HUMPHREY. Mr. President, the Alliance for Progress represents, as I have stated earlier in this debate, the most important part of our foreign aid program. In the continuing struggle for political and economic improvement now going on in Latin America, there are many problems to be solved in this crucial area and one of the foremost is the problem of economic integration.

The President of the Inter-American Development Bank, Mr. Felipe Herrera of Chile, a man well acquainted with the problem of economic integration in Latin America, recently discussed the problem in a lecture at the University of Chile.

With the notable exception of the Central American common market, the 20 separate nations of Latin America have thus far had little success in coordinating economic and political decisions essential to the process of development. The discouraging and frustrating effects of this unsatisfactory arrangement have been felt here in the United States as well. In carrying out development programs such as the Alliance for Progress, we have been hampered in our efforts by the lack of cooperation and coordination among the states of Latin America. It is a grave error to imagine that such programs can achieve maximum results under the existing situation. As Mr. Herrera says:

This is the error of believing that it is possible for a country as expansively developed as is the United States (which in effect is an integrated nation comprised of 50 States) to have a relationship without frustrations and mistrust with each of the 20 disunited countries of Latin America.

Both interested Americans and Latin American development leaders realize that only through integration can Latin America become an equal partner in the Alliance for Progress.

Several organizations in Latin America have begun to lay the groundwork for the first necessary steps toward integration. These groups are working to coordinate monetary and fiscal policies and to attract more private investment in Latin American development programs. An attempt is also being made to encourage freer trade among the nations of Latin America. This program would utilize the experience of the Common Market nations of Europe to establish a Latin American common market, an arrangement which I have advocated on the floor of the Senate.

The Inter-American Development Bank has acted as a central coordinator for all agencies interested in Latin American integration. A concerted effort is now being made to obtain maximum use of the technical resources of each agency in order to attain the common objective of integration. These measures represent only a beginning of the solution of the problem of Latin disunity.

This whole problem of Latin American economic integration is being discussed this week at the meeting of the OAS Inter-American Economic and Social Council in São Paulo, Brazil. I hope that out of this conference will come some guidelines for hastening economic integration on the South American Continent. It is time for South America to catch up with its Central American neighbors.

I ask unanimous consent that Mr. Herrera's address, "The Financing of Latin American Integration," be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE FINANCING OF LATIN AMERICAN INTEGRATION

(Address delivered by Mr. Felipe Herrera, President of the Inter-American Development Bank, at the University of Chile, May 22, 1963)

Mr. President, ladies and gentlemen, President Gómez Millas was perfectly right when he said that it is pleasurable and rewarding to rise to positions of responsibility so that one may be able, even if partially, to realize the dreams of one's youth. Therefore, I am deeply grateful to all of you who have shown a willingness to listen to me this afternoon here at the University of Chile, my alma mater, where on so many occasions we, the men of my generation, discussed our dream of Latin American unity. True, it was not a dream of our own making, for it had also been cherished earlier by the generation of 1920 under the leadership of Santiago Labarca, with the same impassioned faith with which the youth of today continue to cherish it in these same halls. The only difference is that today the events of history have provided positive steppingstones toward giving tangible form to those ideals, to such an extent that in this momentous period in the life of Latin America, we are talking concretely of the unification of our countries.

As I look back and think of the ideological inspiration of those past generations; as I recall the times, not so long ago, when the necessity of our integration was nothing more than a theory advanced in the lecture room; as I compare that situation with the position today, when we can meet to discuss in concrete terms "the financing of Latin American integration," I cannot help but urge you to ponder on the tremendous process of acceleration that has occurred.

THE UNIVERSITY'S TASK: GIVE INTEGRATION PHILOSOPHICAL AND POLITICAL SUPPORT

Aside from these personal reasons which are so dear to me, I am also happy to have this opportunity to meet with you here, because in my travels through Latin America I have made it a habit to visit the universities. I believe that in these turbulent times, these times of heated debate, of the violent clash of ideas, doctrines, and attitudes, it is in the Latin American university that we still are able to communicate. Tolerance must be protected there where the unceasing restlessness of the young people is combined with the positive accomplishments of the more mature generations.

In that always significant and fruitful dialogue that I have been holding with Latin American university groups, I have noted that, along with the pragmatic concepts of integration, there is a desire—a desire not yet expressed in so many words—to nourish those technical schemes with a philosophical and political line of thought that will endow integration with the sense of cohesion it now lacks. We want a kind of integration that will go beyond that based on the concepts of the common market, regional planning, coordination of monetary policies, customs agreements, and other such arrangements. What is urgently needed is an overall design that will bind together Latin America's materials needs with clearly defined philosophical and political concepts such as will give meaning to the unitary solution. I should like to make my words forceful enough to encourage not only the young students but their teachers as well, so that through their thinking, through their intellectual processes, we, the men of Latin America, might be able to find that philosophical and political content so sorely needed in the present-day life of our hemisphere. Such a synthesis is essentially a task of the university. It is the inspiring task which the universities of Latin America have today within their grasp.

TOWARD A HEMISPHERIC NATIONALISM

It is from such perspective that we can speak, as indeed we are speaking, of a hemisphere nationalism in Latin America; a nationalism that comes, not as it did in times gone by, from dismemberment, from atomization, from the proliferation of frontiers, but from a concept and process of reintegration.

I had occasion some months ago to outline these ideas at the University of Bahia, when I said that "Latin America is not 20 nations; it is 1 great dismembered nation." It may be added that there are many cases in history where the tendency toward national identity has been nourished not by the idea of separation or the desire for individualization but rather by a tendency toward association, a movement toward a new rendezvous with a historic destiny clearly indicated by centuries of time but lost from sight or thrown off course by events. If one seeks a current example, one need only look at the process of reunification now at work in the old Arab world which in recent centuries had been fragmented.

However, we must make it very clear that this hemispheric nationalism cannot be a mere emotional concept based on the spiritual ties and mutual interests of our countries. It is not the old nationalism—bound by the traditional canons that identify the people who comprise a state by their similarity of origin and custom and by their common love for the land lying within the national borders—it is not that type of nationalism that should be translated to the hemispheric level, simply by exchanging narrow borders for wider ones. We must be able to give the new concept of integrated nationalism a dimension in depth that will cause the process of integration to produce a genuine impact on the great masses of the Latin

American people, on their welfare. Otherwise the idea of integration will be nothing more to those people than theoretical discourses from the study halls, far removed from their interests and their prospects.

The integration of Latin America must not be looked upon as an alternative to the urgently needed structural transformation which, to a greater or lesser extent, should be initiated, carried out, or completed in our countries. Integration must not be regarded as the remedy that will make it possible to overcome the present crisis without facing up to the integrating task itself from within, from its very roots. We must not forget that despite all the progress made by our hemisphere in the process of acculturation, in its effort to bring great groups of marginal populations into civilized life, Latin America still has an illiteracy rate of 40 percent; that is, 40 percent of the people still have not been integrated into the scale of ideas and values that determine the trends of public opinion among the more culturally advanced groups. Let us not forget that there are still some 20 million Latin Americans who live under the most primitive conditions, equivalent to those that prevailed among the indigenous precivilizations that antedated the more developed ones found by Columbus and those who followed him. To them, clearly enough, this recovery of Latin America through its process of integration has and will have no meaning if at the same time they are not incorporated into the cultural and material way of life that will identify them with and bring them into the more developed sectors. Integration must simultaneously have both depth and breadth. The mystique of hemispheric nationalism will create fraternal bonds among the Latin American masses when they become fully aware that integration is not only going to give them a common market but will also widen their horizons toward well-being and hope.

It is certain that without integration there will be no economic development in Latin America. But I would venture to say with equal emphasis that if at the same time we fail to create the social conditions appropriate to development; if our countries fail to transform their structures; if they do not achieve a better distribution of national income; if they do not expand the benefits of education; if they do not improve welfare and health conditions, we shall likewise have no integration.

It is dangerous to distort the meaning of integration—as certain groups, by definition its enemies, are seeking to do—by claiming that the process of integration can be turned into an alternative for the responsibility that is incumbent upon modern governments to satisfy the demands and needs of the great masses who aspire to something better than their present situation. It is necessary to insist that if on the one hand we shall find the solution for many of our problems only through integration, on the other hand it is imperative that the benefits of integration be distributed and spread out among all levels of Latin American society.

INTEGRATION AND THE ALLIANCE FOR PROGRESS

What I have just said is closely related to two topics that have come up in practically all the conversations I have had in Chile in the course of this official visit as President of the Inter-American Development Bank, whether with high Government officials, with outstanding representatives of private enterprise, representatives of labor and co-operatives, men from the various regions of the country, with the authorities, or with the faculty and students at the universities. These two topics are the Alliance for Progress and the Latin American Free Trade Association. And obviously there are concepts and opinions about them that merit analysis.

The Charter of Punta del Este, which set the legal framework for the Alliance for

Progress, attempts to lay out the common paths by which the Latin Americans may advance to find new horizons. Thus, there is clearly a connection between the Alliance and the concept of integration that I have defined.

In the conversations which I mentioned, the attitude of my questioners has been the same in essence although cast in different molds: "The program of the Alliance is not working out, or it is working badly, or it is a failure, or we have no faith in its results."

At first glance, and from the way in which the problem is brought up, it is not difficult to appreciate the reason for such opinions. And still further, if the program of the Alliance is regarded as a unilateral decision of the United States to provide assistance to the countries of Latin America through bilateral arrangements with each of them, one can perfectly well explain the feeling of frustration to be noted on all sides.

If the program of the Alliance for Progress were of that ilk, it would not be worth the trouble it took to formulate it. The Alliance would have no reason for being, had it not been conceived as it was, that is, as an inter-American program. It would not be worth the time spent on discussing its effectiveness if the entire plan of Punta del Este were to develop into a series of isolated bilateral actions of the United States with each Latin American country. But on the contrary, if we look upon the Alliance as a program of Latin America in which the United States participates, then the Charter of Punta del Este and the whole plan it outlines have meaning. It is imperative, then, for us to Latin Americanize the Alliance for Progress. And to do that, it will be sufficient for us to recover that regional sense which is the very essence and basis of the Charter of Punta del Este.

In fact, anyone who reviews the charter will note that it brings together aspirations toward which Latin America has been struggling through many long years, to which the United States and Europe had so far given no response, and with regard to which not even we, the Latin Americans ourselves, had been able to come to agreement. The charter speaks of the need of achieving the economic and social development of Latin America and the right of the people to enjoy the benefits of that development; it points out the urgency of having greater public and private investment and guarantees the minimum external assistance required for development; it emphasizes that there can be no solution to Latin America's problem if a formula is not found to insure stability of export earnings and fair prices for our raw materials; and finally, the charter states that economic development will not be enough if, at the same time, there are no social development and social reforms, and that consequently governmental investments should not be confined exclusively to the fields of production but must also help to provide homes, education, and good health.

It is a Latin American program to which the United States has pledged to give financial assistance and support to help solve the problems of greatest concern to our countries, provided the program takes on meaning for us, the Latin Americans.

What is happening, as I have said before from other platforms, and I repeat it today here, in my own alma mater, is that within the program of the Alliance, the same error is being committed that has been repeated over and over in inter-American relations throughout our history. This is the error of believing that it is possible for a country as expansively developed as is the United States (which in effect is an integrated Nation comprised of 50 States) to have a relationship without frustrations and mistrust with each of the 20 disunited countries of Latin America.

Therefore, I believe that the program of the Alliance can have meaning only if Latin America comes to agreement within itself, sets itself up as a regional bloc, and thus established, agrees on common and reciprocal action with the United States in order to attain the objectives of the Charter of Punta del Este. Western Europe has already shown the way and we can also see it today in the new states of Africa which, boldly and without hesitation, are laying the political foundations of the Pan African process.

The program of the Alliance—under that name or any other—is not a program for the United States. It is a program for us, and nobody is going to make it for us if we do not make it ourselves. Chile, our country, has an important role to fulfill in that program and I am sure that you, and all of the other responsible and representative sectors of this Nation, so understand it.

INTEGRATION AND THE LATIN AMERICAN FREE TRADE ASSOCIATION

The activities of the Latin American Free Trade Association are being judged in terms similar to those used in criticizing the Alliance. It is not functioning, or it is functioning timidly, it is said. This policy of traders, of simply negotiating the removal of duties on exports and imports, is not enough, it is added; it is necessary to do something more, something deeper and more far reaching.

Obviously, no one can deny that those who think this are right. But they forget that what the Latin American Free Trade Association is doing today is carrying out the terms of reference which the countries that comprise the Association set for it in 1958, that is, less than 5 years ago. In that short time we have advanced so much that what we approved only yesterday now seems insufficient to us. We should congratulate ourselves on this, because it is clearly a sign that a conscious feeling for integration is taking shape at a much faster pace than even the most optimistic would have dared to think.

What happened in 1958 when the Association was established was the same that had happened to us so many times in the past. As on other occasions, we Latin Americans were attracted by the results that Western Europe was obtaining through its process of integration. But, as had also happened so many times in the past, we erred in imitating. Instead of drawing from the approach of the "Inner Six," with their Rome Treaty, their Common Market, their administrative and technical integrating agencies set up in Brussels, we went only halfway and followed the more restrained arrangement of the "Outer Seven," as adopted by those countries that were not in a position boldly to join a common market, which presupposes not only many reciprocal relinquishments and, consequently, immediate sacrifices, but also the maintenance of common policies in the principal aspects of economic activity and even of social advancement.

We copied badly and it should not surprise us that the Latin American Free Trade Association is having to cope with the limitations that we ourselves imposed upon it. Because of our cautiousness, we copied badly, as so many times in the past. And we did so because, unfortunately, our decisions are still influenced by the timid, by those who believe that to move quickly is dangerous, who think that we can take a long view of these processes over a 50-year period: Those who will say to me, "How interesting your speech was, but what a pity that we shall have to wait 40 to 60 years, at least, to see your ideas materialized."

I believe that those persons are unaware of the fact that the pace of our times is much faster than the rate of improvement in science and technology. For many years a very great imbalance could be observed

in this respect; the physical, mathematical, and biological sciences were progressing much more rapidly than the processes of social organization. But today I would venture to say that perhaps the processes of adjustment, readjustment, and revolution of our contemporary society are trying to make up for the long delay, or even to forge ahead at uncontrollable speed, as compared with the advance of the sciences and of their application that became so marked beginning in the 19th century.

So I feel, my good friends, that I am not addressing myself to tomorrow, to our children or our grandchildren. I am talking, we are talking, on behalf of ourselves, on behalf of those of us who today have the responsibility of shaping the destiny of Latin America. If we Latin Americans ignore the urgency of the situation, we shall remain outside the margin of history. We shall see history pass us by, offering opportunities to other men, to other nations, to other regions that will not waste them through timidity, through cautiousness, through fear of the future, through conformism.

Ours is the time of integration. In a document that has made history in our era, the projections of which are bound to reach out through the course of all time to come—the last encyclical of the late Pope John XXIII, *Pacem in Terris*, Peace on Earth—it is most profoundly pointed out—and I believe that it is not by chance that this encyclical is related in large part to the last Ecumenical Council—that mankind is inevitably and irrevocably moving toward a process of unification of political doctrines, of ways of life, of regional blocs.

I am convinced of the reality of that approach and therefore I believe that if Latin America proves incapable in the next 10 to 15 years of bringing itself together into a political bloc of its own, our countries will find it necessary, perhaps individually and disjointedly, to form part of some sort of world integration. In other words, the usual thing would happen to us: a hemisphere apparently full of prospects would lose the opportunity to bring them to fruition because it was waiting for the right time, like those young girls of marrying age who let marriage, which would complete their lives and carry them into the future, pass them by because they are waiting for the ideal husband, one who can give them security. That ideal prospect is the one who quite generally never appears.

I repeat that I believe that the time for action in Latin America is today, not tomorrow. And I sense, I divine this same conviction in your unanimous uneasiness, in your interest in these subjects, in your presence at this conference. It is apparent, too, in our governments. Good proof of this is the significant declaration recently signed by Presidents Alessandri and Goulart. I believe that the proposal to convene a meeting of Ministers of Foreign Affairs to consider a new approach to the need of institutionalizing the slow process of our economic integration may well have very important outgrowths.

The Foreign Ministers of the Latin American Free Trade Association countries may find a good example right here in Latin America. The five countries of Central America were more daring, less cautious than the members of the association. They are creating a genuine common market. Their organs of consultation, working on a continuous basis, are accelerating the process day by day. Very appreciable and concrete benefits are already being felt. They were not content in Central America with talking about economic integration. They are integrating. A new spirit of integration has taken hold of the people of Central America and they are confident that after all the present obstacles and limitations have been overcome, they

will see the development of an integrated nationalism having both breadth and depth—which is exactly what we should like to see projected throughout all of Latin America.

The process of Latin America's integration requires political decisions that will encourage, work out, execute, and make possible the implementation of the plans of the technical experts. The technicians can plan and study integration, but it is the governments, as the leaders of public opinion in each country, that will have to put it into effect.

THE RAW MATERIALS PROBLEM

Before beginning to consider and analyze the machinery for financing economic integration, we must make this point very clear: such machinery by itself, no matter how efficient we make it, is not going to solve certain basic problems of our present regional economic situation. These problems existed before we began to make an effort to establish intraregional organizations, and their solution cannot be found exclusively within our own community.

Regional financing is very important; in this respect, although I am an interested party, I believe that the establishment and functioning of the Inter-American Bank are of paramount significance. The stimulation of Latin American exports within our own area represents a positive advance; in fact, great importance may be attached to all the various mechanisms of this type that we have established, and many others that we have not yet set up, which I shall discuss later on. But there are essential aspects of our financial situation that must be given priority if we wish to make regional development possible.

Such is the case of the problem, foremost in importance, of our raw materials. It is utopian to think that Latin America will be able to emerge from its underdevelopment if the present international trade structure, in which the facts seem to say that the countries producing raw materials are condemned to stagnation, is maintained.

At the close of World War II it was honestly believed that the advances in technological development, in a climate of international understanding that then seemed very simple to preserve, were going to be spread throughout the world, making it possible, thanks to that technological progress, for the more backward countries rapidly to rise to the levels of the more advanced countries. The real situation, as you know, has been otherwise.

The backward underdeveloped countries have been and continue to be relegated perhaps to a greater distance behind the others today than they were yesterday. In the final analysis and reduced to its least complex terms, the explanation is very simple. They are countries which continue to sell cheap and buy at constantly higher prices. This definition may seem elementary, but essentially it is correct. Worse still, this equation shows no immediate possibilities of change. It seems that there are factors inherent in the relationship between industry and the production of raw materials that determine this situation—an intrinsic relationship between manufacturing productivity and the production of raw materials that will always work to the advantage of the former and to the detriment of the latter.

In the face of this situation, one of the principal concerns in the economic policy of many countries of the world, beginning with the most advanced ones, has been precisely this problem of balancing the returns from the labor of the raw-material producing sectors against industrial productivity. This has been and continues to be so in the United States, in Western Europe, in the Soviet Union, and in Communist China. The United States has traditionally upheld the

system of free prices; nonetheless, we see that throughout its history, particularly in the last 30 years, agriculture in the United States has continuously been receiving a subsidy; that is to say, it has required a policy of income redistribution in order to enable those who engage in the production of these primary products to have a level of purchasing power similar to that created by industry or services.

Today efforts are being made to find an international equivalent to this domestic search for a measure of balance between the production of primary commodities and industrial productivity. Fortunately for Latin America, there are men who are currently studying these problems and working to find progressive solutions. Within a short time—at the beginning of next year—a World Conference on Trade and Development will be held for the declared purpose of dealing with this very important question. The very name of that conference is most expressive, because in fact the idea of development without a prior study of trade relations would result in these times in nothing but artful dodgery. Dr. Prebisch has just officially terminated his duties with ECLA—which he has inspired and guided for 15 years—to make his experience and his broad knowledge of Latin America available in a wider field, the organization of this conference.

Let us hope that to that meeting, which may well have a decisive effect on our future, Latin America will come united, forming a bloc capable of bearing the combined weight of our region and of making its intrinsic importance felt in world trade. The day when we Chileans can place our copper on the balance along with the coffee of Brazil and Colombia, Bolivia's tin, the wool and meat of Argentina and Uruguay, the sugar and fishmeal of Peru, and similarly with all the Latin American countries, we shall really have advanced toward a solution of our raw materials problem. Otherwise, suspicion among us is again going to darken the outlook for the common interest. If we arrive disunited at this forthcoming world conference, the chances are that we shall return from it lamenting once again the lack of understanding of the other blocs and then we shall continue to repeat our complaints about the increasingly more serious deterioration in our terms of trade.

The inexorable facts, as shown by hard statistics, urgently call for action on our part. Latin America's share in world trade is decreasing in significant proportions. Looking at the last 30 years, we see that Latin America's share in world trade, which generally used to fluctuate around 10 percent, has fallen since 1955 to 6 percent, with no signs of recovery.

LATIN AMERICA'S GROWING INDEBTEDNESS

There is one direct consequence of the crisis in the terms of trade, which is not always borne in mind or immediately noted, but the incidence of which is evidenced every day at the Inter-American Bank and in other international financial organizations.

This evidence is as follows: The loan applications submitted by our countries are increasing daily, and year by year the volume of external indebtedness of our region grows larger. What is the reason for this? Is it only an old incurable readiness to go in debt as the easiest way to obtain funds that can immediately be applied to tangible works? We at the Inter-American Bank do not believe that is the reason.

The answer lies in the raw materials problem to which I was just referring. Deterioration in the prices of our exportable basic products generates these now so familiar balance-of-payments crises. The more difficulties a country has in its balance of

payments, as its available foreign exchange declines and its internal rate of growth decreases from the effects of these crises in its foreign trade, the more that country will have to move toward international indebtedness.

This is a situation that we find not only in Latin America but in general in all underdeveloped countries. Figures were submitted at a recent meeting of the Development Assistance Committee,¹ at which the representatives of 12 capital-exporting countries expressed concern at the fact that the annual service on the debt of the countries in the process of development has more than doubled during the last 5 years, having reached an annual sum of \$2.5 billion.

In the case of Latin America, the external public debt of the member countries of the Inter-American Development Bank increased from \$3.7 billion in 1955 to \$9.2 billion at the end of 1962. And services on that debt increased from approximately \$550 million in 1955, equivalent to 7.4 percent of the value of these countries' exports that year, to an annual average of almost \$1.2 billion in 1961-62, which is equal to 14.5 percent of the average value of their exports in those 2 years.

I have tried not to overload this presentation with figures, but I think it is imperative to cite these in order to give a clear picture of the financial consequences of the raw materials problem. Let us look at these figures and measure their importance: 7 years ago, out of each \$100 that Latin America obtained for its exports, \$7.50 were used to pay international debt; today almost \$15, double the earlier amount, must be allocated to that same purpose. In my opinion this is due basically to the fact that Latin America has been unable to find through ordinary channels and the natural sources of its foreign trade the external resources it needs to promote its internal development.

THE PROCESS OF CAPITAL FORMATION

Without discounting the decisive influence of foreign trade in the process of capital formation, there is, of course, another, autonomous form of capital formation in our countries. Such capital is derived from two sources: Domestic savings and investment, and investments from abroad.

In this respect, it is well to remember that the process of capital formation in Latin America has depended fundamentally on its own domestic effort. Proof of this is found in the fact that in the 10-year period 1951-60, almost 90 percent of capital investments came from domestic sources. This explains why, despite critical balance-of-payments problems, the relatively more developed Latin American countries have been able to accelerate their domestic growth.

Of course, in order to build up domestic savings and their subsequent investment in the country itself, it becomes necessary to adopt a fiscal and monetary policy that will stimulate savings and investment instead of discouraging them. On this point one cannot lay down rigid rules, that will act like a straitjacket, but it must be understood that a sound fiscal policy, joined with an equally sound monetary policy that will protect the internal purchasing power of the savings, can create conditions that will stimulate the dynamic process of investment.

The fact that we recognize the importance of domestic sources of capital does not mean that we deny the importance of investments coming from foreign sources. We do not think, as unfortunately many people in Latin America do, that our process of development can be financed only with a

¹ A specialized agency of the OECD whose function is to coordinate the action of the capital-exporting countries.

stream of dollars poured in from abroad. This line of thought is as uninformed and childish as the other extreme, which many Latin Americans also uphold: that is, that foreign aid or foreign investment should be rejected because in themselves they are harmful. Both extremes, the ingenuousness of those who expect everything from abroad and the prejudice against foreign capital, are equally wrong and injurious. The realistic and constructive course is to admit that investments obtained from foreign sources are necessary to accelerate the process of capital formation, but in the full knowledge that everything cannot depend on such external assistance but basically must depend on domestic effort appropriately encouraged by wise fiscal and monetary policies.

INTEGRATION, CAPITALIZATION, AND PLANNING

Having thus described the factors affecting capital formation, let us project these concepts from the national level, where they are now developing, to the regional level, through the process of integration. I will tell you right now that I am among those who are convinced that integration is bound to expand the opportunities for profitable investment, both internal and external.

To demonstrate this, it will suffice to outline the mechanics of economic growth that would operate. There cannot be the least doubt that, as we expand markets, our industries will have broader opportunities for growth. They will be able to sell more and to improve their earnings, as well as those of their shareholders and their workers; consequently, tax revenues will increase without its being necessary to encumber the capacity for savings, investment, and capitalization. On the contrary, the capacity for both public and private investment will expand.

It is no mere coincidence that the smaller a country, economically speaking, and the smaller its volume of trade, the smaller will be its capacity for investment or capital formation. Thus, the small countries that have wanted to advance economically have had to export, because with limited production intended solely for domestic consumption they would not have been in a position to produce capital goods; they would not have had sufficient capacity to finance the cost of the investment required for their development. Switzerland, Sweden, and New Zealand may be cited as typical cases.

Fortunately this lesson now appears to have spread to Latin America. Among representative sectors in our countries there is currently an awareness of the close relationship between this complex process of capital formation and the expansion of production which can be attained through reciprocal exports within a common market.

In this respect, allow me to make a brief aside. One thing that has impressed me most keenly in this visit to Chile is the new mentality that can be observed among our industrialists and businessmen, intent on projecting Chile outward. I recall that only 10 years ago one could not have said the same. At that time, as Minister of Finance in the previous Government, it devolved upon me to sign two decrees, both with the force of law, for the development of fisheries and the iron industry, waiving taxes for both, allowing them to secure foreign exchange at the most favorable rates, and giving them other incentives which at that time it was possible to grant. Certainly there was no absence of warning voices, predicting the failure of the measures advocated by "that young Minister, full of theories, who wants to apply techniques that will yield no results and whose decrees will not even be put into force."

Today, when I read the statistics, when I fly over the national territory, and when I learn that the fishery industry has become

a flourishing reality through the exportation of fishmeal and other items; and when I also see that iron exports are compensating the decline in nitrate exports, I am deeply gratified to see that in this country also, when incentives for work are created, new forces emerge as if they were springing from the desert or from the rocks. Because the Chilean has extraordinary creative capacity and perception; so much so that many times the lightly stimulating touch of a legislative measure is enough to release that dynamic impulse that has only been awaiting propitious conditions to manifest itself.

I have experienced equal satisfaction—even greater, in fact, because the Inter-American Bank is connected with the process—in observing the unusual development of the paper and pulp industry, which in its time also had to overcome the skepticism of the Jeremiahs who rushed forward to predict that we would never be able to compete with the Canadian or Finnish producers. Nonetheless, it fills one with pride today to go to the presses of the great newspapers of Buenos Aires, Mexico, or Lima and find there on the great rolls of newsprint the words, "Made in Chile."

Chile has learned the lesson to which we were referring a few moments ago, and that is why it is now one of the Latin American countries that best understands the advantages of and the need for a common market.

And now, my friends, let us go on with the analysis of the problems of financing integration. We have already spoken of the role of external contributions in the process of capitalization. We now may say that external financing can also have a decisive function in the process of integration, as the European experience has eloquently demonstrated.

In the course of my activities in the Inter-American Bank I have devoted a good part of my time—and I believe that it has been time usefully spent—in traveling through the United States attempting to present a true and realistic image of Latin America, an image that will dissipate many misunderstandings. I have found in both the businessman and the man on the street in the United States a very deep interest in reaching terms of understanding with Latin America. What happens is that they do not know how to build up that understanding.

It is very interesting to observe how in cities or in communities where the concept of Latin America is very general and even confused, there is, nevertheless, a genuine interest among businessmen in the possibility of expanding our markets.

This should not be surprising because—despite what many narrowminded people maintained following the end of the last war—the industrialist and the investor of the United States also benefited from European recovery, because the industrial growth of Europe has been promoted jointly by foreign investments, basically from the United States, and by its own investments.

I believe that in our hemisphere we can repeat such an experience. Of course I think that in Latin America private investment must be supplemented by international public investment because there are fields and circumstances that require a special kind of financing, over a long period of time and under very flexible conditions, that cannot be asked of private financing.

It is also essential that our countries have development programs very clearly setting forth the objectives sought and the sectors that predominantly require external investment. Investment just for the sake of investment, or borrowing just for the sake of borrowing, not only will not insure development; it can often pile up fatal results. Not exactly for foreign investors, but for ourselves. Available foreign resources are always limited; therefore, if we do not use them well, if we do not encourage and chan-

nel them wisely through sensible programs and plans, we shall be impairing our borrowing capacity and squandering the external investment.

It is gratifying to note Chile's judiciousness in preparing the 10-year plan now in force. It is equally gratifying to observe how in Latin America, especially since the Charter of Punta del Este, most of the countries are following the same course.

Suffice it to say that in a little more than 2 years, 10 countries have set up their national planning agencies and 6 of them have embarked on the execution of new national development programs, while a number of other countries are engaged in establishing their planning agencies and preparing their plans.

Nevertheless, I cannot conceal a certain concern stemming from a knowledge of our Latin tendency to give theoretical and formal replies to problems, forgetting that the statement of the problem and its solution is not enough; the essential thing is that the plans be fulfilled, carried out, implemented. I remember my former professor of constitutional law, Gabriel Amunátegui, when he used to say that the institutional strength of Chile in the 19th century was largely the product of the good sense of the Chilean people, who did not believe that simply because a constitution had been adopted and put into force, all the problems of the country's institutional and political organization were going to be miraculously solved. As all of you very well know, the determining factors in Chilean institutional stability were the creative ability and perseverance of Portales, the good sense of the subsequent governments, the influence of our intellectuals, the increasing maturity of the people. Thus the foundations of our democracy were laid. Had those factors not existed, it would have been impossible, even with the best constitution in the world, to have built up the institutional life of which we are today so justifiably proud.

There were countries that in the last century adopted splendid constitutions, which in a short while they replaced with others theoretically even more elegant, as if the mere change from one to the other would be sufficient to organize the civic life of the nation or to give consistency to its institutions. Similarly there are countries that today prepare elaborate programs which they publish in attractive booklets, filled with graphs and charts—often the product of the zealous and exhaustive work of competent and well-meaning technicians—and they believe that in this way they have provided the answers to the problem of their development. They forget that a plan, however perfect it may be, cannot produce the results expected of it or achieve the goals proposed in it, if the creative ability of the people, the mystique of work, the sense of common cause within the community, are not applied to the attainment of those goals and those results.

TOWARD A COMMON FINANCIAL MARKET

Up to this point, we have been analyzing what we might call the constants of Latin American financing, or in other words, general financial aspects which, while they certainly have different overtones in the various countries, still have basic common denominators. Now I shall refer—and I shall do it briefly, because I know that the technical problems of financing are less attractive than the general theses on integration—to the basic machinery that is needed for the financing of integrated regional development. To summarize, I might mention the four following points:

First, expansion of the Inter-American Bank's function as an integration bank.

Second, the establishment of a system for coordinating our monetary policies, which as I have ambitiously ventured to propose—

and not because I am an old central banker at heart—might be projected in the future toward the establishment of a hemispheric central banking system.

Third, the adoption and maintenance of common policies and practices that will make it possible to draw upon the great international currents of private investment.

Fourth and last, the projection of national development plans to the regional level.

Let us examine, at least from the more general standpoint, the operation and the role of the mechanism just enumerated.

THE INTER-AMERICAN DEVELOPMENT BANK AS AN INTEGRATION BANK

As far as the Inter-American Bank is concerned, we must remember that when it was established a little more than 3 years ago, the idea of integration was not yet regarded as the urgent and undelayable undertaking that it is judged to be today by the more discerning groups in Latin America. Thus, the Bank, while it was not, strictly speaking, created as an institution to meet the financial problems of integration, problems which at that time were barely glimmering on the horizon, has had to begin adapting its policy to these new demands.

Fortunately, the agreement establishing the Inter-American Development Bank allows this adaptability, because article I clearly assigns to the Bank the task of accelerating the development of the member countries, individually and collectively. On the basis of this provision, which puts upon the Bank the responsibility of contributing to the economic and social development of the countries, not just individually, but collectively, we are transforming the institution into an integration bank, without for a moment ceasing to be the development bank which the founders wished to establish, for, as I have said before, we believe that full development cannot come about in Latin America without the economic integration of the region.

At the risk of seeming immodest, I can truly say that the Inter-American Bank has already accomplished a great deal in this endeavor of encouraging the integration process. I might mention, for example, the direct stimulus we have provided in Central America through our assistance to the Central American Bank for Economic Integration, which was set up to promote the development of regional or economically complementary industries and projects. We likewise helped in the direct financing of certain multinational projects in other regions of Latin America. I have just come from the Republic of Uruguay where, with the assistance of one of our loans, work has been started on Route 26, which crosses Uruguay from one extreme to the other, from the border with Brazil to the border with Argentina, and which connects at the two borders with national highways of the two neighboring countries, thus constituting an international route that will facilitate trade and communication among the three countries, and which will make possible, first, economic complementation, and subsequently, economic integration.

And right here in Chile, only 4 days ago, I was present at a meeting in Valparaiso, where a proposal of the same sort was brought up. It concerns the construction of a modern highway to join the port of Valparaiso with the Argentine city of Mendoza. A mere glance at the map brings out the economic importance that such a route has for Valparaiso, and the benefits that such a highway could bring to the Cuyo region and the trans-Andean region. Naturally, these appraisals of the proposal will have to be confirmed by the technical experts, and in addition to the advantages that the respective provinces of the two countries might obtain, consideration will have to be given to the importance

of a route of that type as a means of facilitating trade within the free trade zone as it is now established, or within the common market which we should like to see established soon.

In addition to this kind of direct financing for projects connected with integration, our Bank also helps indirectly through its operating policies or the effects of its loans. I shall try to explain this by giving some examples.

When an application comes into the Bank from one of the member countries to establish, let us say, an iron and steel plant, the first thing our staff does is to make a study to ascertain not only whether the industry to be established signifies development within the country, but also whether, because similar plants exist in a neighboring country that would be capable also of supplying the applicant country, it might be more desirable for the latter to use the resources that the Bank might provide for some other industry of perhaps greater priority. Naturally, no such judgment can be imposed upon the countries, but our experience in this respect has been highly favorable. Generally, we have found great understanding of the fact that economic development is not really favored when similar industries are established in countries whose markets are small or where less favorable conditions prevail for the development of certain industries than those in other neighboring countries. Such investments would very soon have to be protected artificially, with protective tariffs or other similar measures. On the other hand, those same countries may very well offer ideal conditions for the establishment of other types of industry, toward which the investments should be encouraged.

With respect to the effects of our loans which indirectly play a catalytic role in integration, I can mention a very representative case. Some months ago, during a trip through Central America, I visited a housing project that was being built with funds provided by our Bank. It was a project of great importance to the city of San Salvador, because it involved the construction of more than a thousand homes, which, not to mention the social benefits to the future inhabitants of those homes, was making a great economic impact on all sectors concerned in the construction industry. It was being carried out by a group of very competent engineers, one of whom made a comment to me, the great significance of which I need not emphasize to you. "Just consider," he said, "if this project had been undertaken 5 or 6 years ago, we should certainly have had to import all of the basic materials from the United States. But today we are getting from other Central American countries whatever is not produced in El Salvador. For instance, we produce the cement ourselves but the sanitary equipment is made in Costa Rica and all the lumber comes from Honduras." This example graphically illustrates how our resources, lent to a specific country, are indirectly benefiting industries in other Latin American countries, thus opening the way for integration.

Beginning this year we shall be contributing from another angle to these efforts. At the meeting of our board of governors held last April in Caracas, we were instructed to begin a system of financing, somewhat on the experimental side, of intraregional exports of capital goods. We shall set up a fund, drawing at first on part of our own ordinary resources, to assist the Latin American countries that produce capital goods in the marketing of those goods in other countries of the area. They are unable to do this at present because they lack the financial assistance that producers of the same goods in other regions enjoy, which makes it possible for the latter to offer their products to Latin American importers on

better terms, not of product quality or price, but in regard to periods of repayment and interest on the loans.

Of course, the Bank would have preferred to create a new fund specifically designed for this new financing activity which it is now going to undertake. But appreciating the difficulties and limitations that would have been encountered in trying to get the necessary resources, I believe that in any event the step taken offers great possibilities. However, it must be emphasized that in using this mechanism for the promotion of exports of capital goods, the Bank will never lose sight of the fact that it is an investment bank, a development bank, and not a foreign-trade bank. Therefore, our action in this field will be in the nature of a supplement to the effort made in the first instance with national resources, and we shall never forget that this is not a question of financing transactions just because the transactions are there to be financed, but rather of assisting in the exportation of capital goods in those cases where the Latin American country that is to receive the exports has a genuine need for the goods concerned. The same applies to cases where the exporting country may be enabled to strengthen its economic structure and develop sound industries if it has the incentive of this system of export financing.

If we were to proceed otherwise, we should fall into the paradoxical situation of sponsoring exactly what we have so often criticized in certain suppliers' credits, who often require our countries to accept imports that are not the most desirable, but which they must accept or else do without the credit.

Finally, with reference to the impact of the Inter-American Bank's action on the process of integration, we shall mention only the technical assistance and promotion work we are doing in this field. In close harmony with the Latin American Free Trade Association and other agencies operating within the Inter-American system, we are attempting to coordinate efforts to make the best possible use of the technical resources of each agency in order to attain the common objective.

COORDINATION OF MONETARY POLICIES

Let us now consider the second mechanism we believe to be necessary in order to advance toward a common financial market. This concerns the coordination of the monetary policies in the region.

At this very time events are taking place that demonstrate the need for such coordination. Someone said to me last week in Uruguay, in connection with the criticism that had been voiced about that country for having adopted restrictions on imports, including those from countries of the Latin American Free Trade Association (the restrictions being the consequence of the unfavorable financial situation from which the country has been suffering): "We are being censured because of this reduction in imports, but there are other countries in the Latin American Free Trade Association which, although they have not adopted quantitative restrictions, have on the other hand altered the value of their currency. In that way, by indirect means, they are really obstructing our exports."

Here in Chile this remark was made to me: "If there is to be a genuine regional market, the reduction of customs tariffs is not enough; we need a common currency." This conclusion, expressed by businessmen who have reached it on the basis of their experience in foreign trade, is indisputable. To be able to trade, we must have a constant unit of currency because if, in the course of transactions, we are going to alter the value of that unit, sometimes for competitive reasons and, to put it frankly, without warning, in order to gain an advantage over another country, we will find it impossible to create a climate of mutual respect and confidence,

so necessary for the full development of trade within our region.

I believe, however, that there is no need for a common currency in the literal sense, in which all the coins would be the same and all the paper bills identical. What we need is what has been done in Europe: a monetary agreement under which the Common Market countries reciprocally respect the comparative terms of value that they have given to their currency. Thus, for example, when a few years ago the Federal Republic of Germany wanted to revalue its currency, as an expression of its prosperity, it did so in consultation with the other associated countries. And we might even say that not only did Germany do this in consultation, but that pressure was put on her by the Common Market members, in order not to accentuate the maladjustments that were already apparent between the situation of Germany and that of the rest.

We need a scheme of this type in Latin America. What form of institution should be adopted? It could be any one that would ensure the coordination of the various monetary policies, but in my judgment we should move toward the most ambitious plan; that is to say, the creation of a regional central bank, similar to that which Monet has proposed for Europe and which I believe is bound to come into being in the future, once the difficulties that at present stand in its way have been overcome.

Under such a plan not only would the coordination of monetary policies be sought, but at the same time international reserves would be built up. We must not forget that despite all its foreign trade difficulties, Latin America at this moment has available \$2.5 billion in reserves, and furthermore, these reserves are showing a tendency to increase. Nevertheless, as a rule every country in Latin America really has to run the gauntlet and submit to all kinds of conditions imposed from outside when, in order to handle momentary imbalances, it has to resort to stabilization loans of \$10 or \$15 million.

If Latin America were to make a single fund of its reserves, which would mean a volume as important as the reserve of the sterling area, our region would have an extraordinary negotiating power. We should perfectly well be able, too, to manage intra-regional imbalances among ourselves. And if at some time we should have difficulties and require additional resources for our common reserve fund, we would be able to negotiate lines of credit, or expand them, bringing the weight of the great mass of our operations to bear.

Therefore, I say firmly that it is not only because of outside attitudes unfavorable to our region that we have not found an adequate answer to our problems in this respect. I venture to say, rather, that the responsibility of finding that answer is essentially ours. Let us unite, let us integrate, and then in these and all other problems that afflict us today we shall be in a much better position to stand up for our interests, just as other regions of the world do.

COORDINATED ATTRACTION OF PRIVATE INVESTMENT

We have already pointed out the importance to be attached to private investment in the process of integration. It is imperative that Latin America standardize its policies for attracting such investments when they are required from abroad. To demonstrate the desirability of such coordination, it will be sufficient to describe what our present situation is.

What is happening today? Through the process of fragmentation that we have suffered historically during the last 150 years, we have accustomed ourselves to compete among ourselves. And we have projected that competition outward, often trying to present a better image of our own country,

to the detriment of the image of some other country or countries of our own region.

The same thing is happening with respect to foreign private investment. So far we have witnessed in Latin America a process of competition, in which each country attempts to offer better conditions to international capital, each struggling to solve its investment needs on its own account.

If, on the contrary, we were to decide to create a single set of rules for the foreign investor in this region; modern rules in which the incentives for encouraging the flow of capital would be reconciled with a system of mutual guarantees, by which the investor who placed his capital in any of our countries would have a hemispheric guarantee for his investment; if we were to achieve such coordination, we should certainly have made an unprecedented advance in our efforts to attract the external resources we so greatly need. And above all, by this multilateral approach, we should eliminate the friction that is inevitable in all financial relations of the bilateral type, wherein one country needs the resources and the other provides them.

FROM NATIONAL TO REGIONAL PLANS

I shall conclude this part of my paper by referring to the necessity of coordinating our various national development plans at the regional level. Today this no longer seems like heresy—which shows once again that despite all obstacles, we are advancing. Up to a few years ago, to speak of planning, even at the national level, was to lay oneself open to all manner of criticism. Today we hear and read frequent appeals for planning, or for the coordination of plans on a hemispheric scale.

However, I believe that in this process we must be very realistic and not pretend that theory will take us farther than the actual situation advises us to move. In this respect I should like to recall what has happened in Chile. Here in this auditorium there are two distinguished professors, colleagues of mine in the economics department, with whom I had the opportunity of teaching for many years. They will remember that one of our reasons for criticizing Chile's Corporación de Fomento, was that we felt it had failed to comply with the mandate of formulating a "general plan" for the development of production. Like the inexperienced persons we then were, we reproached the CORFO for not having complied with what we thought should have been its first obligation. As I look back now I can say that fortunately this agency did not try from the very start to prepare a national plan for the development of production, which in the best of cases might have been very well presented but which might have been only a masquerade of a plan. In 1939 or 1940, Chile was in no way equipped technically nor did it have the other prerequisites for development that were necessary to enable it to work out the plan which is now in force, 20 years later.

I believe that the wise and sensible course was the one that was followed, with that pragmatic judgment with which so many decisive problems in this country have been faced, almost always with competence. Development by sectors was started, with priorities for the basic ones.

A beginning was made with electric power and steel, and then, as experience was acquired, a realistic picture of the development plan, of possible goals that could be attained, of the actual amount of investment required, began to take shape. In short, CORFO kept its feet on the ground, reconciling aspirations with actual possibilities.

So, in my judgment, we must use the same pragmatic approach in Latin America. It would be ideal to be able to prepare and implement a regional development plan, or even to coordinate the plans of some countries

with those of others. But that can be achieved only step by step, with practical measures. We are already working in that direction at the Inter-American Bank.

A few months ago we inaugurated a program of technical assistance for industries that wished to plan their requirements and their perspectives at the hemispheric level. And to our great satisfaction, within a few weeks we received a request from the Latin American Iron and Steel Institute to provide it with funds that would enable it to make studies concerning the establishment of a sort of Latin American Iron and Steel Community.

I do not want to magnify the importance of this latter aspect, but I ask you to note that European integration was built up on a similar basis. Let us remember that the Treaty of Rome, concluded in 1956, stemmed basically from the plan of Monet and Schumann which some 6 or 7 years earlier had created—for reasons of European political balance and in large part through fear of a new rise of German militarism—that great economic community unifying the coal and steel industry, which is plainly the basic industry of Europe.

Naturally, we know Latin America does not have an iron and steel industry of comparable importance, but it is obvious that we must inevitably move toward its development, because as you well know, economic progress essentially involves sources of power and the use of steel. That is why all countries—including ours, of course—tend to have their own iron and steel industry, unfortunately in many cases in an artificial form. As I have noted directly in my travels, there are iron and steel plants in Latin America that are not functioning, either because production costs have turned out to be too high, or because the industry was not properly planned. Therefore, it is highly necessary to encourage or sponsor the idea of coordinating the various national development plans at a regional level and, if possible, to attain a sound expansion of the iron and steel production of the region as a whole, making optimum use of the heavy investments that such development requires.

This is not the only example. In the matter of sea and air transport we have what is perhaps an even clearer proof of the necessity of combining our efforts. All of us can note as we travel around our hemisphere how every country wants to extend its own airlines or its own merchant marine beyond its own borders. This is the reflection of a nationalism, easy enough to explain, that has been part of our recent historic development. Unfortunately, the individual effort of each country is insufficient to build up those air or maritime enterprises enough to make them count to any appreciable extent in the broad international field of transportation.

Other nations, showing more practical sense, have followed a different course and have prospered in this field; the Scandinavian countries, for example. Up to a few years ago, Norway, Sweden, and Denmark each had its own airlines, until the time came when they suddenly noticed what was obvious: that by integrating into one large regional company they would have much greater prospects of competing with the powerful international companies. Today SAS, the company established in common by the Scandinavian countries, occupies a distinguished place in the field of world air transport, with much greater profits for Sweden, Norway, and Denmark than they would ever have been able to obtain had they continued, each with its own resources, to support their isolated national airlines. It seems to me that this is a field that the countries of Latin America ought also to explore. However, we must not be satisfied with only a study, as has happened before; decisions must be taken that will make it possible for a great Latin American airline

to occupy the central counters of the airports, instead of the secondary places where the offices of the various airlines of our countries are at present scattered.

Latin America sends hundreds of millions of dollars out of the hemisphere to pay for the services of foreign merchant ships. I am convinced that the day the countries of Latin America decide firmly to negotiate among themselves the possibility of common action in this field, as occurred, in part, with the negotiations that led to the Gran Colombiana fleet—we shall be helping to strengthen our region in a sector of the greatest importance to us.

Other examples could be mentioned, but I believe that those offered are enough to give a clear idea of the situation. In order to arrive at the regional planning stage in Latin America, we can begin by coordinating sectors in certain industries and activities where such coordination is immediately feasible. Thus we shall begin to advance, and at the same time we shall be laying a solid foundation for the Latin American integration of the future.

TOWARD POLITICAL INTEGRATION

Judging by the close attention with which you have been following these ideas, I get the impression that you are in agreement with them and that they seem logical and sensible to you. But I am sure that these questions have come into your minds: How are we going to accomplish this? What steps must we take? How can we set in motion all those things that the new study groups and the new technical reports recommend?

All of us, the technicians as well, are asking ourselves the same questions. In reply I venture the idea that, along with our work in the direction of economic integration, we must begin to think of the necessity of advancing toward political integration.

This may seem risky or ambitious. But if we look at things realistically, it is evident that we are not going to be able to coordinate monetary policies, or adopt common standards to attract investment, or establish regional merchant fleets, if we do not bring ourselves into accord politically. That is why, with all due respect for the technicians, I believe the time has come for action at the political level; that is, by those who have the supreme responsibility of legally representing our people and their hopes for real progress.

I have also taken the liberty of voicing the idea of Latin American assembly or parliament, in which the agreements signed by our countries at regional conferences could be ratified multilaterally. Because, my friends, Latin America is plagued with unratified agreements, agreements negotiated by the technical experts, who take them back to their countries to obtain legislative ratification that does not always come.

Of course, the Latin American parliament that I am imagining must reflect a genuine expression of public opinion; that is to say, it must be representative not only of the political sectors that govern the countries but also of the diverse dynamic forces that exist within each national community. Such a deliberative body might even serve as a model whose mere presence and example could influence those countries of our hemisphere where true democracy does not yet prevail. It would be a clear practical demonstration of what a truly representative system should be, for within it the various doctrinal trends—call them right, center, left, or however you want to distinguish them—would alternate. Such is the case in the European parliament of Strasbourg, which so greatly has influenced the political course by which the Old Continent is opening its way toward the future and which, furthermore, makes it possible

to bring into the open the predominant trends of each country, thus preventing the breeding of antagonisms because of the lack of discussion or knowledge of the various ideas and possible discrepancies.

That parliament is perhaps one of the major factors in the achievement of the present political solidarity among the countries of the European Community.

I know that many people will say that this type of political integration is possible in Europe because of its greater cultural, economic, and technical development and its experience more recently acquired in two frightful wars. But we can reply that if European integration has been accomplished in spite of the 30 million victims sacrificed on the battlefields and in spite of the ancestral hatreds that long divided the now integrated nations, we have no reason to magnify our own differences. On the contrary, among our countries there are historic bonds of solidarity more powerful than any motives for disagreement. But let us not consider Europe alone; let us pause a moment and see what is happening in other regions which certainly have not reached the degree of development found there. We might mention India, for example. When the subcontinent became independent, it luckily had the political talent of a Gandhi and a Nehru, who accomplished the miracle of holding together a community of 400 million people, conciliating the local interests of the various groups that comprise it, whose diversity can be succinctly indicated by the mere fact that they speak 80 or 90 different languages and dialects.

What would India's fate have been if the small provincial interests had prevailed? It can easily be imagined. To emerge from its underdevelopment India must overcome many staggering problems, all of them infinitely more complex and more difficult to solve than those that preoccupy us in Latin America. Beyond a doubt there are more ethnic, religious, social, economic, language, and other such differences among the states of India than among the countries of Latin America. The task of development for India is of course extremely difficult. But obviously it would have been far worse if, instead of being integrated, the country had been broken up into dozens of independent states.

Let us look also at Indonesia, that new state, spread out over 3,000 islands, with many tongues and races, lacking the preliminary requirements for development, and with only a few technicians when it came to independent life. However, Indonesia did have the necessary political leadership, and it was able to establish a community of 100 million people which today, despite the immediate serious financial and economic problems, is undeniably taking its place in the world scene.

Then there is the Arab world which—whether or not we like the method by which it chooses to work for reunification—is a reality that is making itself felt more and more on the world map. For despite the difficulties that we read about in the newspapers every day, the Arab nation—or rather, the group of nations that form it—is advancing toward integration, and plainly the Middle East is coming to the fore as a new focal center of growing importance in the scheme of forces now existing in the world.

And now, Africa. Right before our eyes, day by day, we can see the emergence and consolidation of pan-Africanism. We all know that there is no single Africa but rather hundreds of peoples, who do not even have the apparent racial unity that people commonly think they have, but on the contrary represent the coexistence of widely diversified forms of political, economic, and social organization.

A few days ago representatives of all the autonomous countries of the African Con-

tinental met in Addis Ababa, capital of Ethiopia. The majority of those states have just come into being, and therefore they might have clung to a strictly introverted kind of nationalism. But instead, the new African states have embarked vigorously on a plan for integration. They are setting up regional organizations of a political type, much more advanced than ours. The thing is that despite the underdevelopment with which almost all of them are afflicted, they have leaders who are availing themselves of the experience of others in order to move forward rapidly and avoid errors.

We have evidence of this process at the Inter-American Bank. A year ago a mission of several African bankers came to our headquarters in Washington and asked us to permit them to observe how our institution operated, because the African countries wished to establish a regional bank similar to ours. Naturally we were pleased to open our doors to them and to offer them the benefits of our experience, as part of our mission of projecting the Latin American image into other latitudes. Later we sent officials to Africa who renewed this stimulating contact. Today the bases for the Pan African Bank have been established, and so likewise the bases of the African common market, the political organs of consultation, and finally, a series of economic and technical mechanisms that will all work toward integration. In other words, in these few years Africa has not only profited by the experiences of our own bloc but is taking much more far-reaching steps. And all of this has come about, I repeat, despite their differences of structure, tradition, mentality, culture, language, beliefs, and race; differences which, by contrast, make our countries seem more than ever a single nation.

THE PLURALISM OF THE WORLD TODAY

These processes of integration or reunification of great regional blocs should not be surprising to anyone who follows the course of world events. It is evident that the world is moving toward what we might call pluralism of the international type.

It cannot be said today that the world gravitates only between two points, Washington and Moscow. In the socialist world, Peiping now makes its own weight felt; and Belgrade offers another alternative, with obvious influence in its sphere.

In the field of the Western democracies, Old Europe is steadily recovering its historical stature. In the Middle East, Cairo is beginning to show an entirely new look. We have already witnessed how Africa in Addis Ababa today, in some other capital tomorrow—is also standing up on its own two feet.

I ask myself, my friends, where is Latin America? What picture do we present of ourselves as a hemisphere with a voice, with a destiny, with a call to progress?

Therefore, I emphasize the urgency of Latin American political integration. And I believe, Mr. President and my esteemed friends, that Chile has a very important part to play in this task. Let us remember that despite the poverty in which it began its independent life, Chile made bold to project its message in the direction of other Latin American countries. True, the projection was not so clearly drawn as the 19th century advanced. But in the 20th century, happily—and it is sufficient to look at this country's foreign policy in recent years, under various administrations—Chile has again found its great Americanist projection, that feeling for integration that was quiescent in the thinking of Bello, Montt, and other great statesmen, who always held in their minds and hearts the idea of and attachment to association with the other American countries.

Chile must continue to advance along this path, as it has been doing at inter-American meetings in recent years, where it has consistently introduced or supported proposals

of Americanist scope. I believe that not only are those thoughts present in the minds of our political leaders, in the concern of our technicians and our businessmen, but that they also form part of the very sentiments of the Chilean people. They are present also in the universal voice of our poets, and of these there is no better voice than that of the great woman whose love for her land and its people reached out to all the confines of this America of ours. This America, which Gabriela Mistral loved with the same tender affection she bestowed upon her own beautiful and cherished land, of which she wrote, while in Europe, in 1930:

"Born under the sign of poverty, with few resources and a meager population, the nation understood that it had to be frugal, hard working in full measure, and peaceful in its civil life. If one were to give descriptive names to our countries, one might say: Brazil, or horn of plenty; Argentina, or universal fellowship; Chile, or the will to be. This stubborn will to exist has sometimes had an aspect of violence, and to some it appears out of proportion for 5 million people. But I, having no shred of Nietzscheanism, I like to think of it, to keep watch over it, and to stir up its guarded embers, because the southern continent may one day have need of that will, and it might both serve and save at some critical moment of continental solidarity. Countries that radiate little energy or feeling for mankind, countries that are not dynamic, are small, no matter how large they may be; small, very small countries that breathe outward in great spheres of influence grow steadily larger and may even reach the infinite. Their depths cannot be sounded, no one knows how far they reach, because their potentials are the same as the potentials of the individual soul; that is, they are immeasurable."

Thank you very much.

ENERGETIC EFFORTS TO STIMULATE COAL EXPORTS REQUIRE ASSISTANCE OF TRANSPORT AND TOLL COST CUTS

Mr. RANDOLPH. Mr. President, the productivity and the prosperity of the coal industry is so important to the economy of West Virginia and several other States—especially in the Appalachian region—that we are stimulated to express gratification for the efforts of Government and the industry to increase coal's markets abroad. But these efforts need the assistance of transportation cost cuts and reductions in Panama Canal tolls.

In West Virginia, although Statewide unemployment has dropped from a level of about 12.5 percent in 1961 to 7.5 percent at this time, the jobless rates in the coal producing counties, especially in the southern part of the State, remain inordinately high.

In spite of more outmigration from the labor force in some West Virginia communities than from most others of the State, here are a sampling of the prevailing unemployment figures for the predominantly coal economy counties: Fayette, approximately 16.1 percent; McDowell, near 15 percent; Logan and Boone, close to 14.7 percent; Raleigh, about 10.7 percent; and Mercer, slightly over 10 percent.

It is apparent, therefore, that increased coal production and carloadings of the high-grade metallurgical and steam coals of the area are needed to

stimulate reduction of the unemployment rate.

Gov. W. W. Barron, of West Virginia, during earlier trade mission visits to Japan and later this year to Europe, emphasized the quality, the availability, and the stability of the mine-mouth price of the State's bituminous coal.

Under the energetic leadership of Hon. John M. Kelly, Assistant Secretary of the Interior for Mineral Resources, various ways in which the Nation's coal industry could increase its sales to foreign markets have been studied. They were discussed by spokesmen for industry and Government at a mid-September Washington conference sponsored by the Department of the Interior.

Assistant Secretary Kelly has pointed out that, during the past decade, energy consumption in America's principal foreign coal markets—Western Europe, Canada, and Japan—increased 25, 45, and 115 percent, respectively. He said that recent information on trends abroad indicates that "a tremendous additional market is emerging—enough to absorb U.S. exports of up to 125 million tons of coal by 1970."

But he emphasized:

The great potentials for our metallurgical and steam coals will not be realized automatically; a substantial share of the growing energy market will be captured only if we are willing to work for it.

The Department of the Interior is convinced that with abundant reserves of coal available to meet virtually any requirements, and a demonstrated ability to keep costs remarkably stable, the domestic coal industry has opportunities for significant increases in coal sales throughout the world. The industry's strengths are reinforced by already apparent means for increasing efficiencies in coal mining and preparation, by railroad and port facilities that could easily handle much larger exports, and by new and more economical transportation concepts now emerging.

The gains already made in some of these areas have given U.S. coals economic advantages over indigenous coals in many of the world's important markets.

With so many important factors in our favor—

He said—

a substantial expansion of our foreign coal markets in a relatively short time can be assured by the determined action and cooperation of industry and Government.

Officials of the larger coal producers and exporters—especially those of Consolidation Coal Co., Eastern Gas & Fuel Associates, and Island Creek and Valley Camp Coal Cos.—have been active abroad throughout the year, particularly in Japan.

George H. Love, chairman of the board and J. W. Kepler, administrative sales vice president of Consolidation Coal Co.; were in Japan the second week of September to talk with steel company officials and to examine at close range the potential market for U.S. coals.

In commenting, Mr. Love said:

We were tremendously impressed by Japan's growing economy and the determination of their leaders to increase Japan's share of the world market. Their optimistic plans for the expansion of their steel industry seem to have the real probability of success if we are to judge by the progress made so far. If coal from the United States is to share in the growth of steel, as we certainly hope it will,

it must remain competitive. We came away convinced by their sincerity that everything possible must be done to further reduce the delivered cost of coal in Japan. Opportunity to effect additional reductions lies primarily in transportation charges and we in Consol intend to do all we can to help the Japanese achieve such reductions and thus strengthen U.S. coal's position in the export market.

Executives of Eastern Gas & Fuel Associates, the operations of which last year produced and exported 3 million tons of coal—a million tons of that amount to Japan from its West Virginia mines, spent several weeks in that country last spring. Now, we are informed by the press, the Eastern Gas & Fuel group, again headed by Eli Goldston, president of the parent firm, and William B. Ross, president of a principal subsidiary, are embarking on a worldwide tour to study how to increase the sale of American coal abroad. This is a further gratifying manifestation of aggressive market research and salesmanship.

Concerning this trip and coal markets abroad in their relationship to the West Virginia and national economies, Mr. Ross is reported to have said:

The possibility of increased tonnage abroad will not only aid the industry and West Virginia, it is an extremely important factor in a better export-import balance for the Nation. The entire coal industry has been gratified by the administration's vigorous action in offering practical high level assistance to stimulate coal exports.

As was pointed out earlier in remarks attributed to Assistant Secretary of the Interior Kelly, coal sales to European markets increased by 25 percent during the past decade—those to Japan at a sensational rate of 115 percent. Japan, although far away, is today second only to Canada as the best foreign customer of our domestic coal.

It is reported that nearly 500,000 man-days of work in U.S. bituminous coal mines were required to produce the coal exported to Japan in 1962. Directly and indirectly, these shipments are declared to have been responsible for more than 7,200 jobs—approximately 2,300 of them in the mines. We are grateful in West Virginia for the part these exports contributed to our much-needed employment and economic stimulation.

We are aware of the hazardousness of the occupation of coal mining. We share with Japan the sorrow visited on so many of its families and its government by the very recent and tragic coal mine disaster. No less tragic, of course, and likewise a reason for our extending sympathy to the Japanese people and government, was the catastrophic train wreck on the same fateful day as the coal mine explosion.

Many of our citizens' lives have been lost in their pursuit of mining and transporting coal. Many more are subjecting themselves to jeopardy daily in the production of coal both for the domestic and foreign markets. They deserve our respect and our admiration, as well as our dedicated efforts to help improve the safety of their places of labor. They likewise deserve the aggressive efforts which are being made to preserve existing markets and to find new ones.

Mr. President, the United States-Japan Trade Council declares that if the United States succeeds in maintaining its present share of the Japanese markets for coal, this country can expect to have an annual 16-million-ton trade with Japan by 1970.

We certainly should strive mightily to share in such a market participation and growth, but it becomes more obvious as time and competition march on that we must reduce the delivered price of coal at the points of destination in Japan. We must especially seek to reduce Panama Canal tolls if we are to succeed in attaining a 16-million-ton trade with Japan or anything close to that order of magnitude.

In a recent communication to the Honorable Frederick G. Dutton, Assistant Secretary of State for Congressional Relations, I wrote that coal mined in West Virginia and exported to Japan is a subject of vital concern to West Virginians. I added that there are disturbing indications that shipping costs, including Panama Canal tolls, are disadvantages which must be overcome if our markets in Japan are not to be taken over by Australian, Canadian, Communist Chinese, or Soviet Union suppliers.

I requested a copy of a report prepared by the U.S. Embassy staff in Tokyo, discussing problems of Japanese imports of coking coal from the United States.

In transmitting a copy of the report, Assistant Secretary Dutton made this important observation:

In looking into the question of possible steps to facilitate coal exports to Japan, the Department [of State] has learned from a Panama Canal official in Washington that the average toll per ton of coal is considerably less than the amount (about \$1) mentioned in the attached report. Ships transiting the canal are charged on the basis of 90 cents per measurement ton. However, coal ships carry on the average a much larger amount of coal than indicated by the theoretical measurement tonnage capacity. As a result, the average toll per ton of coal actually carried was 44½ cents in fiscal 1962, according to Panama Canal calculations.

With the admonition that references in the report to Panama Canal tolls be evaluated with Assistant Secretary Dutton's note of explanation in mind, I ask unanimous consent, Mr. President, that portions of a July 19, 1963, report by the American Embassy in Tokyo to the Department of State, subject: "Prospects for U.S. Coking Coal Exports to Japan," be printed in the RECORD following my remarks.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

PROSPECTS FOR U.S. COKING COAL EXPORTS TO JAPAN

INTRODUCTION AND SUMMARY

Coking coal is one of the principal Japanese imports from the United States. In 1962, the steel and gas producing industry imported 5.3 million metric tons valued at approximately \$110 million, c.i.f. Japan from the United States. However, while imports of coking coal from the United States have been rising over the past 5 years, the proportion of the total imported from the United States has been falling. In 1958, imports from the United States were 79.6 percent of the total and this proportion fell to 55.9 percent in 1962.

Over the past 5 years, Australia has enjoyed the greatest increase in exports of coking coal to Japan, rising from 7 percent of the total in 1958 to 27 percent in 1962. Imports from Canada have also shown significant increases.

Japanese steel industry and trading company representatives visited the United States in January and February 1963 and negotiated price reductions with U.S. coal producers and also held discussions with railroad and U.S. Government officials in efforts to obtain reductions in U.S. inland freight and Panama Canal toll charges with apparently little immediate success.

Officials of the Eastern Gas & Fuel Associates of Boston, one of the largest exporters of U.S. coking coal to Japan, visited Japan for several weeks in May and June 1963 to discuss sales prospects with the Japanese steel industry and the Embassy. The Embassy arranged a discussion at which some of the major problems involved were aired. The steel industry representatives made clear at this and subsequent discussions that further reductions in the landed price of U.S. coking coal were necessary if the U.S. industry is to remain competitive with some of its rivals. The principal rivals are the Australians and Canadians who offer medium volatile coal at attractive enough prices to induce the Japanese industry to develop technology permitting greater substitution of coals from these countries for the admittedly higher quality (but higher priced even when quality differences are discounted) U.S. coal. The U.S.S.R. is a direct competitor with the United States in that it has been selling low volatile coking coal approximately matching the U.S. coal in quality at considerably lower prices.

The Eastern Fuel representatives noted that they had reduced their prices to the minimum and that any further reductions would have to be achieved by reductions in transportation charges. They felt that negotiations with the railroads were proceeding satisfactorily and that some reductions in freight rates might be achieved. They, and the Japanese steel industry representatives, asked that the U.S. Government also cooperate in this effort by examining the possibility of reducing Panama Canal charges.

In further discussions with representatives of the steel industry in July, the Embassy was told that with present price trends, long-range prospects for the U.S. coking coals are distinctly unfavorable. The industry sources stated that there will always be a market for U.S. coals because of their high quality and the fact that the United States is a dependable source of supply. However, the U.S. coal industry faces the prospect of losing out completely on the growth of the metallurgical coal market in Japan as increasing substitutions for high quality coals are made and the Japanese industry cautiously increases its imports of high quality coal from the U.S.S.R.

BACKGROUND

Coking coal imported from the United States has in the past been of both medium and low volatile types. Within recent years, the U.S. producers lost out on much of the growing market for medium volatile coal in Japan to Australia primarily because of price. Australian coal, according to data made available to the Embassy by the Japanese steel industry, is currently priced at between \$13.10 and \$13.76 per metric ton, cost and freight, Japan. Price quotations on similar U.S. coal of medium volatility given the Embassy range between \$16.65 and \$17.35 per metric ton, cost and freight, Japan. The Canadians have been marketing a medium volatile coal at \$15.54 per metric ton, cost and freight, Japan, this year, but a recent sale of 100,000 metric tons was made at \$13.50 and the Canadian supplier report-

edly indicated that this price could be met on future deliveries as well.

The low price Australian and Canadian medium volatile coals are not only cutting into the sales of U.S. coal of similar quality but encourage the Japanese to find ways of substituting these coals for U.S. low volatile coal which sell for \$13.50 per metric ton, cost and freight, Japan, currently.

An additional consideration is the low price of Soviet Kuznetsky "K-10" low volatile coal which is currently being sold at the cost and freight price of \$14.75.

The Embassy understands that this coal is mined in the Urals, must travel about 4,000 miles by railroad to a Pacific port and is quoted f.o.b. Soviet port at \$11.95 per metric ton which would seem to be hardly enough to cover the cost of inland freight alone. One steel company executive categorized the Soviet prices as "political" and said the Japanese industry recognizes that it cannot consider this source of supply as dependable. Nonetheless, the industry believes it can increase its dependence on this source somewhat over the present level (a little less than 10 percent of metallurgical coal imports).

STEEL INDUSTRY COAL MISSION VISIT TO THE UNITED STATES

In January and February 1963 the heads of the raw materials purchasing departments of four leading Japanese steel companies visited the United States in the company of several trading company representatives primarily to discuss price reductions with U.S. coal exporters. They also talked with the Norfolk & Western and Chesapeake & Ohio Railroads and visited Washington in the company of Stephen F. Dunn, president of the National Coal Association, and Mr. W. B. Ross, senior vice president of Eastern Gas & Fuel Association. The four Japanese steel industry officials present were Mr. T. Wagatsuma, director and manager of purchase department, Yawata Iron & Steel Co.; Mr. S. Tanabe, manager of raw materials department, Fuji Iron & Steel Co.; Mr. O. Murata, manager of raw materials department, Nippon Steel Tube Co. (Nippon Kokan); and Mr. H. Shio, manager of raw materials department, Kawasaki Steel Co.

The Japanese steel industry representative reportedly emphasized the necessity for obtaining reductions in Panama Canal rates in order to maintain the competitiveness of U.S. coal in the Japanese market.

The results of the trip to the United States were a reduction in the price of coal from at least some of the U.S. exporters, some progress in obtaining serious consideration by the U.S. railroads to reduce freight rates to tidewater, but (according to the Japanese steel executives) little hope in obtaining changes in Panama Canal rates. On the contrary, they understand that canal tolls may soon be revised upward.

EASTERN GAS AND FUEL ASSOCIATES VISIT TO JAPAN

For several weeks in late May and early June, Mr. Eli Goldston, president, and Mr. William B. Ross, senior vice president of Eastern Gas & Fuel Associates of Boston, visited Japan to discuss coal exporting problems with the Japanese steel industry. They visited the Embassy several times and explained the problems they were having in maintaining and increasing their sales in the Japanese market. They noted that Eastern now sells approximately 1 million tons of coal to Japan and that it is considering the opening of a new mine in West Virginia at an investment of about \$9 million which is expected to be able to produce about 1 million tons annually. In order to make the new mine a paying proposition, Eastern believes it must have reasonable assurances of being able to export about half of the mine's output to Japan. They are consequently looking for new long-term contracts with

Japanese consumers for 400,000 tons annually.

The Eastern executives observed that their plans correspond with two important U.S. Government objectives: (1) the export promotion program and (2) the program to economically rehabilitate West Virginia. They expressed the hope therefore that the U.S. Government would provide assistance to Eastern's efforts in those areas where the Government can properly do so. They felt there were two ways in which this could be done. In the first place, the Embassy could be of assistance in holding a conference with the Japanese steel industry representatives who had visited the United States several months earlier with the objective of giving their case a sympathetic hearing and, most importantly, providing by this action a symbolic indication of the interest of the U.S. Government in promoting this important export to Japan.

The second area in which the Eastern executives felt the U.S. Government could properly be of assistance is to give serious consideration to the possibilities of reducing the Panama Canal toll charges which currently amount to about \$1 per ton of coal moving through the canal. They noted that canal charges are based solely on weight which unfairly discriminates against bulk cargoes. They thought that if the matter were given serious study, bearing in mind the advantages that could accrue to the United States and the canal authorities through the potential increase in bulk cargo movements to Japan following toll reductions, a solution might be found.

EMBASSY CONFERENCE WITH JAPANESE STEEL EXECUTIVES

On June 4, 1963, the economic counselor hosted a meeting with the four steel company executives who had visited the United States earlier in the year. Present were the two Eastern executives, the Deputy Chief of Mission, the Commercial Attaché and the reporting officer. The discussion was very frank and centered on the competitiveness of Soviet K-10 coal with the U.S. product. The steel executives agreed with the contention of the Eastern representatives that they could not reasonably expect further significant reductions in the price of coal from the U.S. producers. They felt, however, that the railroads should cut their inland freight rates and observed that inland freight rates from mine to tidewater for coal destined to U.S. east coast markets are considerably lower than those for coal destined abroad. They mentioned the Panama Canal toll problem but felt that this was one of primary concern to the United States.

Embassy representatives questioned the value of canal toll reductions since, in total cost and freight price of coal landed in Japan, these rates amount to only \$1 approximately of the \$18.50 total price. The Japanese steel representatives replied that they did not expect, even with the most sincere effort on the U.S. part, to achieve reductions in the cost and freight price of coal down to the level in which it would be directly competitive with Soviet coal. They felt strongly, however, that the U.S. side must bring the price down to a level somewhat closer to the Soviet political price if they were to be able to continue to justify buying U.S. coal in the future. By implication, they indicated that even a small reduction in the Panama Canal rates would be helpful in this regard.

In discussing the possibilities of increasing imports of Soviet coal, the steel executives made clear that they understood the dangers of becoming overdependent on that source. It was for that reason, as well as the traditional friendliness toward the United States, that they will continue to buy U.S. coal even though it is several dollars higher in price than Soviet coal of similar quality.

EMBASSY COMMENT

Neither the Japanese steel executives nor the Eastern representatives indicated that U.S. coking coal exports to Japan are likely to be reduced significantly in absolute terms as the result of more attractive alternative offers being received from other sources. Steel industry representatives have on a number of occasions told the Embassy that they value the dependable source of supply of this commodity provided by the United States. We believe, however, that the U.S. coal industry does run the risk of losing out of its share in the market growth for imported coking coals in Japan.

The Japanese steel industry hopes to achieve a production of 48 million tons of crude steel by 1970 and will, therefore, require ever-increasing quantities of imported coking coals. (Domestic production is limited and mostly of fairly poor quality.) Imports of coking coal in 1962 amounted to about 9.6 million tons. These are expected to rise to almost 15 million tons by 1970. In the meanwhile, over the past several years, imports of U.S. coking coal appear to have plateaued out at slightly over 5 million tons. While changes in technology which require lesser amounts of high quality coals for blast furnace charging may be responsible for part of the relative reduction in demand for U.S. coking coals, more attractive (in terms of price) alternative opportunities for importing coal have probably played an important role in the development of these processes which require less of the U.S. coals.

While it is not likely that Soviet low volatile coking coal would ever completely replace U.S. coal in the Japanese market, the price advantage offered by the Soviets increases the possibility that the Japanese steel industry will give the Soviets a greater share of its increased demand than might be the case if the price differential were not so great. One steel company executive thought that the industry may be willing to increase its imports of Soviet and Communist China coking coal from the present 11.5 percent of total metallurgical coal imports to 20 percent in the near future.

While the Japanese industry representatives have talked much of the direct competition between Soviet and U.S. coal, the indirect competition with medium volatile Australian and Canadian coal is at least as important. The Japanese have become accustomed to using U.S. coking coal and find generally that it mixes best with the lower quality Japanese varieties. They are reluctant to shift to other varieties of coal but have been doing so to an increasing extent over the past several years because of the price advantages offered by these alternative sources.

Direct price comparisons are difficult to make since even among coals which are generally similar, differences in ash, sulfur and volatile matter can have considerable significance. Japanese industry sources have been reluctant to discuss the price reductions required to make U.S. coal more competitive with similar varieties elsewhere but one trading company representative stated that U.S. coals, depending on variety, can be priced from 5 to 20 percent above Canadian and Australian coals and still be competitive. The head of the raw materials purchasing department of a major steel company said it was his personal opinion that a reduction of \$1 to \$2 per ton in the landed price of U.S. coal should be adequate to maintain competitive status.

OPEN SPACES LAND GRANTS IN NATIONAL CAPITAL AREA

Mr. BREWSTER. Mr. President, it is my understanding that the Independent

Offices Subcommittee of the Senate Appropriations Committee has reported language on open spaces land grants which would continue the eligibility for grants under this program to Maryland and Virginia communities contiguous with the District of Columbia. These areas had been singled out by the House committee as no longer eligible for assistance because they had already received substantial grants under this program.

In the statement which I made before the Senate subcommittee, I rejected completely the idea that the National Capital area should be penalized because of its ability to qualify quickly for Federal assistance, and to expend substantial sums of its own money for open space lands. I urged the subcommittee to take action to set aside the direction contained in the House committee report.

If allowed to stand, the language of the House committee report would have had a most serious and unfortunate effect not only on Montgomery and Prince Georges Counties in Maryland, but also on the entire National Capital area.

I am pleased that the report of the Senate committee specifically bars the unfair and discriminatory exclusion of a significant geographic area from a law meant to apply equally throughout the country.

The area between Washington and Baltimore is one of the fastest growing regions of the country. The urban population in Montgomery County increased 136 percent between 1950 and 1960. In Prince Georges County, the increase was 112 percent. Clearly this increase in population results in many thousands of acres of once open space land being lost to homes, streets, shopping centers, and parking lots. I am proud to say that the Maryland counties in the National Capital area have been foresighted in providing the necessary local funds to match Federal contributions, thereby acquiring fast disappearing undeveloped land for urgently needed park, conservation, and historic purposes.

I urge all communities to take advantage of this important program, and ask unanimous consent that the article by Ernest Baugh appearing in the Monday edition of the Baltimore Sun be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WASHINGTON AND BALTIMORE: PATUXENT GREENBELT AS BUFFER

The Maryland State government, through a 1961 act of the general assembly, is committed to the development of an open strip or greenbelt along the Patuxent River from Frederick County to tidewater. So, too, are the counties bordering the river: Anne Arundel, Calvert, Charles, Howard, Montgomery, Prince Georges, and St. Marys.

The reasons for that commitment are increasingly urgent. The Baltimore and Washington metropolitan areas are expanding rapidly and threaten to merge into each other. Planning experts are in agreement that the areas should be kept separated for the good of each and that the place for division is the Patuxent, a natural open-space separator and reserve.

The preamble of the 1961 act is quite specific. It reads in part:

"The legislature finds that the Patuxent River and the land bordering thereon constitute some of Maryland's most scenic natural or esthetic assets, and that rapid growth and spread of urban development is encroaching upon or eliminating many of these bordering lands.

"It is the intent of the legislature to provide means whereby the State department of forests and parks with [the seven counties] may cooperatively provide for the protection of the said Patuxent River and for the acquisition and use of the lands bordering thereon, so that the harmful effects of flooding, silting and erosion by the expansion of urban development may be discontinued or eliminated.

"The legislature declares that it is necessary * * * to expend or advance public funds for, or to accept by, purchase, gift, grant, bequest, devise or lease, the fee or any lesser interest or right in real property to acquire, maintain, improve, protect or limit the future use of lands bordering on, and within, the Patuxent River watershed."

The State's general improvement loan of 1961 carried an appropriation of \$150,000 for the purchase by the State of property along the Patuxent or for contributions toward such purchases by the participating counties. The general improvement loan of 1963 carried two similar appropriations amounting to \$500,000. Several of the counties either have money available for land acquisitions or are taking steps toward that end.

But to be realistic, the money on hand or in sight is insufficient. Development of the envisioned greenbelt is a big undertaking, involving as much as 40,000 acres of land and maybe more. Because of the lack of sufficient money in sight, there is no timetable for the fulfillment of the project.

However, there is, as noted, the statutory commitment by the State and the seven counties and there are signs that progress is accelerating. The most promising sign was last week's approval of a general Montgomery-Prince Georges plan to acquire 18,000 acres of land, all of it, of course, within the boundaries of those two counties or, to put it another way, only on the Washington side of the river.

The major portion of that tract (16,000 acres) would be in Prince Georges County and would be in a continuous strip running downriver from Laurel to almost the Charles County line. The 2,000 acres in Montgomery County would be along streams tributary to the Patuxent, primarily the Hawlings.

Another promising sign of accelerated progress also came last week when the Senate Independent Offices Subcommittee wrote into the \$15 million Federal open-spaces bill a provision making Maryland, the District of Columbia and Virginia eligible for grants under the measure. A bar against eligibility for the three jurisdictions had been raised in the House on the ground that they had been given more than their share of open-space money under a current appropriation. If the House accepts the Senate action, Federal money for the Patuxent project will be available.

Unfortunately, the State has been moving slowly with its share in the greenbelt development. It is supposed to buy a total of about 8,500 acres, including a large tract along the upper reaches of the river above the Triadelphia Reservoir, a smaller tract between that reservoir's dam and the Rocky Gorge Reservoir and a relatively narrow strip to carry the greenbelt through the Laurel area. State work to date has involved surveying in the main.

To refer to the two reservoirs is to refer to the one really bright spot in the whole

greenbelt plan. The reservoirs are the base of the water supply system for Montgomery and Prince Georges Counties and are under the Washington Suburban Sanitary Commission. About 5,700 acres of open land surrounding the reservoirs are owned by the counties and so are within the public domain and reserved for greenery.

Howard County is just beginning to tackle its share in the big project. Anne Arundel County is lagging. The southern Maryland counties below Anne Arundel and Prince Georges seem to be doing nothing. All of which suggests that the foresighted and active Montgomery and Prince Georges Counties can't do the job by themselves. If we are to have that highly desirable greenbelt to prevent Baltimore and Washington from colliding, there will have to be early determinations at the State House and county courthouse levels.

CONVERSION OF WAR INDUSTRY TO PEACE—RESOLUTION

Mr. McGOVERN. Mr. President, the Industrial Union Department of the AFL-CIO has sponsored a resolution calling for the conversion of the nuclear industry to constructive peaceful purposes. I ask unanimous consent that the resolution be printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Since 1942, the United States has spent over 33 billion dollars to develop atomic industry. Over 95 percent of this sum has been spent on military application of this science. The stockpile of nuclear weapons has reached the stage of overkill with some estimates as high as twelve times the maximum needed to knock out all potentially military bases.

Senate ratification of test ban treaty and the filling of all possible military requirements poses the question of continued use and the very existence of the industry established to develop nuclear science. Capital investment in plants and structures alone exceed \$10 billion. This large investment is threatened with disuse and potentially destruction unless it is converted soon to effective peaceful uses.

The same nuclear force which creates military destruction can under proper controls be used to provide energy to meet mankind's needs. The present first tentative uses of nuclear energy for production of electric power are uneconomic. They are uneconomic in part because of the artificially high costs which have been established for uranium and the custom-built plants in which the atoms of uranium are split to produce energy to turn the wheels of generating plants. These economic problems can be solved with the traditional methods of mass production and production line techniques which have been the boon to American industry: Therefore be it

Resolved, That the Industrial Union Department, AFL-CIO, calls for conversion of nuclear industry as a forerunner, and as proposed by Senator McGOVERN in the establishment of a National Economic Conversion Commission (S. 2274), of conversion of the military industries generally through the use of modern production line techniques to build nuclear powerplants and help light the underdeveloped world through the production of 1,000 power reactors established in the areas of greatest need to produce electricity, and 1,000 reactors especially designed to use the energy of the atom to produce fresh water from the ocean for arid areas throughout the world.

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The ACTING PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The ACTING PRESIDENT pro tempore. The question is on agreeing to amendment No. 317, proposed to the committee amendment in the nature of a substitute, as amended. This amendment was proposed by the Senator from Alaska [Mr. GRUENING] as a substitute for lines 1 through 17, on page 50, of the committee amendment, as amended, relating to interest rates on development loans.

Mr. CHURCH. Mr. President, we are fortunate in having some columnists who understand the reasons and justification for current congressional efforts to reduce foreign aid. Such a balanced and objective observer is Arthur Krock, of the New York Times. In an article which appeared in the November 12 issue of the Times, Mr. Krock points out the legitimacy of current congressional concern over the foreign aid program. Although I cannot agree with the article in all particulars, it generally states a case worthy of our notice and approval. I ask unanimous consent to have the article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE CONSTITUTION KEEPS GETTING IN THE WAY

(By Arthur Krock)

WASHINGTON, November 11.—The Secretary of State, who is a man mild of manner and speech but—as they say in his native State of Georgia—"sot in his ways," last week supplied one of the two reasons for Congress' sharp reduction in the foreign aid budget when he said he doesn't "understand it."

Merely by reading the Senate speeches of the self-named liberals who are leading the fight for the budget cuts the Secretary could readily discover the first reason. It is, that the executive proposes to give President Nasser of Egypt the aid which pays for the military force he is using to back his refusal to withdraw his troops from Yemen; and to continue to provide aid to President Sukarno of Indonesia, who is sworn to destroy the new state of Malaysia, and to Brazil, where President Goulart is dissipating the aid by failing to control inflation. The second reason is that the only effective means Congress has to show disapproval of executive policies it disapproves is through the appropriating powers that the Constitution reserves exclusively to Congress, foreign policy not excluded.

The Senate, led by the Members who have been the staunchest supporters of foreign aid, simply has turned to the use of this means to impose on the executive budget for the next fiscal year the revision and rationalization of the foreign aid program that long has been overdue. Rusk's statement to

his November 8 news conference that he disapproved of this "tendency to legislate foreign policy" is not at all surprising. What is surprising is his other statement that he doesn't "understand" the why and wherefore; and seems not to realize that with this assertion he was furnishing the general explanation of the situation he "does not understand."

Until and unless the President and the Secretary of State comprehend, if they really do not, what is so clear, the part of Rusk's news conference that states a sound principle of Government will not have the desired beneficial effect on Congress. This principle the Secretary phrased as follows:

"I am very much concerned about the tendency in the Congress to legislate foreign policy as it might apply to specific situations or specific countries."

"It is not possible for the Congress to anticipate * * * what the circumstances are going to be in any given situation. * * * These are responsibilities carried by the President [who is] the one the country will hold responsible if things go wrong."

FLEXIBILITY IN DISUSE

But support in Congress of this sound precept in foreign policy is impaired when the Executive continues disuse of the flexibility in judgment it admonishes Congress not to impede—by perpetuating aid programs, such as those for Egypt, Indonesia, and Brazil. These are automatically self-defeating of the plain and declared objective of foreign aid. The eventual consequence, as is now being demonstrated, is that Congress will go too far in its efforts to restrain Executive flexibility.

An example was the Senate vote denying aid to any nation interfering with American fishing vessels in what the United States unilaterally decrees to be international waters. Diplomatic negotiation is the proper means, instead of legislation requiring other nations to accept U.S. charting of the seas. And only the Executive, not Congress, can conduct diplomatic negotiations.

Congressional foreign policy support by appropriation is also impaired when the Executive assumes leadership for this Government in coercing another to yield to military blackmail, and in violation of the United Nations Charter. Yet the administration, in concert with Secretary General Thant of the U.N., did precisely this to assure the success of Indonesia's threats of seizure of west New Guinea from the Netherlands.

This helped to build up the revolt in Congress. And in furthering the revolt Congress, of course, is using its constitutional power to cut authorizations and grants from the revenues contributed by American taxpayers. Thus again the Constitution annoys one arm of the true Federal Government by getting in its way.

Yet though this constitutional power, and the reasons for the tendency to invoke it, are plain, strangely enough the Secretary of State "doesn't understand it."

Mr. GRUENING. Mr. President, the amendment now pending before the Senate is my amendment No. 317. In order that there may be a full attendance of Senators for debate on the amendment, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 228 Leg.]

Aiken	Bible	Case
Allott	Boggs	Church
Anderson	Brewster	Clark
Bartlett	Burdick	Cooper
Bayh	Byrd, Va.	Cotton
Beall	Cannon	Curtis
Bennett	Carlson	Dirksen

Dodd
Dominick
Douglas
Eastland
Edmondson
Ellender
Ervin
Fong
Fulbright
Goldwater
Gore
Gruening
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Inouye
Javits
Johnston
Jordan, N.C.
Jordan, Idaho

Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McGovern
McIntyre
McNamara
Mechem
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Muskie
Nelson
Neuberger
Pastore

Pearson
Pell
Prouty
Proxmire
Randolph
Ribicoff
Robertson
Russell
Saltonstall
Scott
Simpson
Smathers
Smith
Sparkman
Symington
Talmadge
Thurmond
Tower
Walters
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from West Virginia [Mr. BYRD], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], and the Senator from Mississippi [Mr. STENNIS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

The PRESIDING OFFICER (Mr. NELSON in the chair). A quorum is present.

The Senator from Alaska has the floor.

Mr. BEALL. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. Mr. President, I shall be happy to yield to the Senator from Maryland, with the understanding that I do not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BEALL. Mr. President, the foreign aid debate during the past 2 weeks has generated a great deal of editorial comment. On November 10, 1963, the Washington Sunday Star, in an editorial entitled "Tired of It All," expresses what I believe to be the sentiment of the American people on the subject of foreign aid.

I am confident that the bill which the Senate approves will reflect the demands of the American people that our tax dollars be expended with greater care and discrimination.

I now read the editorial, entitled "Tired of It All," for the RECORD at this point:

TIRED OF IT ALL

President Kennedy, in accepting a distinguished service award from a Protestant group, got in the following plug for his foreign aid program:

"I think the American people are willing to shoulder this burden. * * * Some say they are tiring of this task, or tired of world problems, or tired of hearing those who receive our aid disagree with our diplomacy. But what kind of spirit is that? Are we tired of living in a free world? Do we expect to make it over in our own image? Are we going to quit now because there are problems not yet solved?"

The implication here is that the American people (who have been lugging the foreign aid load for 17 years) are ready, willing, and happy to keep on lugging it. Some other President, 17 years in the future, may be saying pretty much the same thing. But we dissent.

It is our belief that the American people, or most of them, are sick and tired of foreign

aid. They are fed up with doling out billions in American tax dollars to people who couldn't care less about what we in this country like to speak of as "the American way of life." They are bored to tears with the threadbare argument that the Communists will take over the world unless we pay the bills for countries which don't know or care which team they are playing on, assuming that they are willing to play on any team. Mr. Khrushchev can't even feed his own people. Why not let him try this foreign aid load for size?

To sum up, we think the American people, as far as foreign aid is concerned, have just about had it. And we haven't the slightest doubt that it is this more than anything else which underlies the attitude of Congress—an attitude which the President either can't or won't understand.

This Congress, of course, will pass a foreign aid bill. But the appropriation will be sharply cut back. And it should be. The 88th Congress will go down in history (with applause) if it begins the quick phasing out of foreign aid. And we do not believe that the rest of the world, without the Yankee dollar, will go either to pot or to the Communists.

I concur with what is written in the editorial. It certainly expresses my opinion. I believe it expresses the opinion of a majority of the American people.

I thank the Senator from Alaska for yielding to me.

CAN LAWS MAKE MEN EQUAL?

Mr. MILLER. Mr. President, one of the most scholarly and thought-provoking articles that I have read in a long time appears in the November 18 issue of U.S. News & World Report. It is written by Dr. Walter R. Courtenay, minister of the First Presbyterian Church of Nashville, Tenn.

I believe that the readers of the CONGRESSIONAL RECORD and others will find the article worthwhile reading, and I therefore ask unanimous consent that it be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CAN LAWS MAKE MEN EQUAL?—A MINISTER'S ANSWER

(By Dr. Walter R. Courtenay, minister of the First Presbyterian Church, Nashville, Tenn.)

(NOTE.—"Equality"—That's the battle cry now, in the United States and around the world. But what does it really mean? Are all men actually equal? Can they be made equal by laws or by other government action? Does liberty necessarily provide equality? Can democracy guarantee it? This problem of "equality," says a Nashville, Tenn., minister, "may be in many ways the greatest problem of our day." In a sermon that has attracted widespread attention, this minister discusses the whole question of individual rights—also of individual and governmental responsibility.)

During the past summer the air was filled with the raucous sounds of conflict in Birmingham, Chicago, New York, and Danville. It was also redolent with discord within the United Nations, and within the backward countries demanding recognition. Accompanying these was the endless struggle of labor and capital, and the seemingly endless drain of our resources into the giveaway programs at home and abroad. The air was charged with social electricity as individuals,

groups and nations fought for new status under the banner of equality.

Equality has intoxicated the modern world. Men walk starry-eyed through streets and halls dreaming of new days and improved status. The whole world seems in a peppy mood, and the bonfires grow larger and burn more fiercely, even as the songs, chants, and shouts of the participants become louder and more fervent. In a thousand tongues men scream their demands for equality, for place, for recognition, for rights, for privileges.

As one listens, he frequently hears the words, "All men are created equal, and are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness." But the words never end there, but hurry on to declare that it is the responsibility of government to make all men equal and to maintain equality amongst men. Still other words are heard, declaring that democracy has failed to establish equality, and that man, therefore, must now turn to socialism and communism.

In my summer setting, close to nature, I looked around for evidences of equality in nature, and found none. Trees and hills are not the same in breadth and height. Rivers and lakes are not of uniform size. Not all animals and birds are swift and beautiful. The lion does not recognize the equalness of the antelope, nor the fox the rabbit. Some fields are fertile and others sterile, and clouds and puddles are not the same, though both are water created. In nature inequality seems to prevail, and yet the inequalities of nature produce the beauty we admire.

As I thought of it, the same seemed to be true of history. Nations and races do differ in size, wealth, prestige, power, creativity, and vision. Some soar like eagles. Some build like beavers. Some grow like vegetables and weeds in the garden called the earth. Between individuals, races, groups, and nations there are broad differences, and equality is not a characteristic of either nature or human nature.

Having reached this point, my mind asked the question, "Can we have both freedom and equality?" Someone has said, "Freedom without equality tends to become license. Equality without freedom tends to produce stagnation." How can these great objectives be secured without damage to the highest social system men have yet devised—democracy?

Looking back across history, I realize: that the Jews preached concern for the poor, but not equality. The Greeks preached democracy, but not equality. The Romans preached justice under law, but not equality. The Middle Ages in Europe preached Christ, but not equality. In fact, not until the French Revolution did men openly affirm that "Men are born and always continue free and equal in respect to their rights," and not until our declaration declared that "All men are created equal" did the world come alive to the possibilities of equality. These two events placed a new chemical in the cup of life, and the contents of that cup are changing men.

Here I paused to rethink the words, "All men are created equal." Are they? I could see that all men are created equally helpless, equally ignorant, equally inexperienced, equally sin touched, but I could not see how they could be said to be created equal in any other sense. Men do not begin life with an even start for all. Their beginnings are marked by differences in pedigrees, health, educational and moral levels, economic strength, social status, and personality potentials. There are broad differences in temperament, talents, drives, and desires. They do not begin life on a common line.

And what of the so-called unalienable rights, such as life, liberty, and the pursuit

of happiness? Life is the gift of God, and so are liberty and happiness—in a certain sense. But being born is never enough. Getting here alive is only a beginning. In order to really live, one needs medical science, proper nutrition, adequate care, and a chance to become educated and equipped for adult responsibilities. As to liberty, it is not something that comes with birth. Liberty is man created, man achieved, and man maintained. God approves it, but man must win it.

Happiness is a byproduct of a way of life rather than something granted us by birth. It, too, is something we achieve by effort. It depends on many things: employment, purpose, personal development, and the right use of the opportunities and duties of life. Life God gives, but liberty and happiness we must achieve.

Having reached that state of mind, I wondered why men ever thought that government could make men equal and keep them equal. How can mere laws produce equality among men on a heart level? How can coerced fellowship ever become real fellowship?

WHAT GOVERNMENT MUST DO

That government has a role to play in the mighty, moving drama of man's progress is not to be denied. Our Constitution and our Bill of Rights stand to affirm it. It is the function of government to state the conditions of liberty, equality, and responsibility, but unless it is the will of the people to give life to the law, it will not work. The prohibition era proved that beyond our contesting.

Then why do we believe and state in our legal documents that "all men are created equal," and have "unalienable rights"?

I presume it is because we must find some means of limiting the powers of the powerful and of protecting the rights of the weak. Great power, unpoliced, tends to become destructive power. The rights of the weak tend to be lost in a land where only the strong prevail.

We all understand this, even as we all realize that the clamor for equality is always a push from below rather than a pull from above, although it has often been both in these United States. Slaves have never enjoyed being slaves. The poor have never enjoyed being poor. The exploited have never been happy with exploitation. Those who fall have never been proud of their shortcomings, and the employed have always felt that it would be better if they were the employers.

It is from this level of life that the hunger for equality rises. It is here that Utopia displays its broad green fields and still waters. It is from here that the valley of Shangri-La appears as the answer to all the ills of man. It is the hopelessness of the masses that provides the soil for hope in those who will not surrender to the accidents of birth and environment, and it is well that it is so.

And yet, one must face facts. In any classroom of pupils only a few qualify under the letter A. Below these leaders of the class are the B students, and then the C's, and then the D's, and then the F's. Some, by ability and effort, rise to the top, while others, because of lack of ability or application, take their places on the descending curve of scholarship.

In every nation it is the same. Only a small percentage of people have the ability, the desire, the drive, the willingness to work and sacrifice, to foresee and prepare for success in any realm. The people who struggle to succeed are never interested in equality, but in superiority. Their goal is never the level of the masses, but a level above the masses. They endorse and espouse liberty because it creates for them a favorable climate in which to think, plan, create, work and achieve according to their abilities and

desires. They never pace themselves by the speed of the mediocre, but by the speed of the best. They are never satisfied by crumbs; they want half loaves and whole loaves.

PEOPLE WHO MAKE PROGRESS

It is such people who made America possible, and who have always led men in the upward climb. They are, in truth, the benefactors of the race. It is their ideas and creativeness that establish businesses and industries, thereby providing employment for others, and the taxes that make community and national progress possible. They furnish our best leadership, and give to the Nation our best guarantee of security. It is because of them that progress is produced in all areas of life—the intellectual, the artistic, the economic, the governmental and the social. While they did not build America alone, they provided the means whereby our Nation came into existence and has continued on its upward way.

Looking critically at such a line of thought, I suddenly realized that the success of the few creates the inequalities that loom large in the minds of the many. The have-high-lites the have-nots. It is the successful who outlive the failures and all others who take their places on the curve of life as it sweeps downward.

During my summer days it seemed to me that:

It is the nature of some men to succeed, and others to fail.

It is the nature of some men to get by, and others to achieve.

It is the nature of the have-littles to want more.

It is the nature of the successful to seek to dominate.

It is the nature of those who are unsuccessful to resent it.

It is the nature of the poor to envy.

It is the nature of the wealthy to assume unjust privileges.

It is the nature of those who inherit wealth to use it well, to misuse it, or to feel guilty because they have it.

It is the nature of the intellectuals who receive their compensation from taxes or the gifts of the economically successful to advocate a change of system in order to get one wherein the intellectuals will be generously rewarded as business executives under free enterprise.

It is because men are unequal in ability and drive, in opportunities for recognition and advancement, in rewards for work done and services rendered that people become restless socially. It is the inequalities of humanity that create the crusaders for equality. In the 18th century men looked to democracy as the answer to the inequalities amongst men, and now in the 20th men look toward socialism and communism.

Democracy, as we have tried to shape it in America, has been heavily impregnated with the Ten Commandments of Judaism and the spirit of Jesus. Because of this, we are suspicious of any system that advocates the big lie, covetousness, greed, the stealing of property, the destruction of life, and the taking away of liberties. Democracy condemns without reservations the confiscation of private property and capital by the state and the regimenting of human beings like animals on a farm. Our democracy is not perfect. Imperfections exist, but its virtues exceed those of any other system mankind has tried.

These observations moved me then to reach certain opinions concerning American democracy:

1. Democracy was never created to be a leveler of men. It was created to be a lifter, a developer of men.

2. Democracy was created to let the gifted, the energetic and the creative rise to high heights of human achievement and to let each man find his own level on the stairway of existence.

3. Democracy was created to help men meet responsibilities and shirk no duties. That is why our Nation has been concerned about the honest needs of its citizens. We lead the world in justice, even though justice does not always move with prompt alacrity. Our Nation has been noted for the size of its heart, and not merely for the size of its pocketbook.

4. Democracy demands that the Nation be governed by the capable, the honorable, the far-seeing, the clear-seeing, and not by mediocre men. In the beginning, it was so. May it be so again.

5. Democracy demands more from men than any other system in the realm of self-discipline, dependability, cooperativeness, industry, thrift, and honor. Democracy will not work when party politics are not guided by basic ethical principles. For a party to foster class consciousness, class conflict, misrepresentation, covetousness, violence, theft, and an open defiance of established law is to breed anarchy.

6. Democracy must give to all its people the following rights:

- The right to equal learning.
- The right to equal employment.
- The right to equal treatment.
- The right to equal justice.
- The right to adequate housing.
- The right to vote.

The meditations of the summer convinced me that governments of themselves cannot make men equal or remake men into the beings they ought to be. That is a spiritual venture, not an economic and political one. A change from democracy to either socialism or communism, or a change from private capitalism to state capitalism, will not solve the basic problems of mankind; it merely shifts the areas of power.

I am disturbed, therefore, when church leaders and church groups seem to advocate socialistic means and objectives as the answer to the problems of democracy, and especially the problems of equality. This is especially true when certain leaders voice slogans that appear logical and Christian, but are not. Let me name four:

1. "The world owes every man a living." No, it doesn't. Christian ethics have never said so, and I have never known any man worth his salt who has claimed special rights under such a slogan. It is the cry of the lazy, the inept, and the failures. Such a slogan is a far cry from our meeting the needs of the needy, which, of course, is our duty.

2. "Production for use, and not for profit." That sounds good, but it is as phony as a Russian promise. It is profits that have produced the blessings of our Nation and enabled her to be a blessing to the nations of the world. Profits are essential to the general well-being of society. When the state takes over under the slogan of "use, not profits," men lose their liberties and their standard of living. Such a switch merely augments the insatiable appetite of the state.

3. "Human rights, not property rights." As I look out over the world, one thing is clear: Where there are not private property rights, there are no human rights. Private property rights form the seedbed in which human rights mature. As long as private property rights are clear, human rights will flourish.

4. "The end justifies the means." According to Christian ethics the statement is not true. It was just such a statement that produced the crucifixion of Jesus, the torture of the martyrs, the burning of witches, and the denial of life and liberty to the inhabitants of current communistic lands.

Churchmen, whether lay or clerical, who seek to solve the problems of our society through socialistic processes, rather than democratic ones within the free enterprise system, are heading down a road that leads

toward darkness. Only by encouraging Christians to envy, to covet, to be class conscious, to foster class conflict, and to approve stealing and even murder, can such objectives be attained. To realize them would bring about a broad denial of law and order and the orderly handling of social problems. Whenever we as a church, an educational system, or a Supreme Court encourage people to misrepresent facts, to use force wrongfully, to flout law and order and to stimulate bitterness and hatred, we depart from logic, Americanism and Christianity.

BLAMING THE PROSPEROUS

I unhesitatingly oppose the use of socialistic and communistic methods in the solving of the problems of our free enterprise democracy. Our problems are problems of human nature rather than of economics and sociology. The man who has two cars is not preventing another from having one. The man who earns \$50,000 a year is not robbing him who receives \$300 a month. The man who owns a good house does not thereby force another man to dwell in the slums. And the people who prosper under our system cannot be blamed for the problems that plague the lives of those who compose the lower 25 percent of the Nation. The so-called privileged are not always a credit to either church or state, but they are not, in the main, parasites on the body politic. We are, therefore, wrong when we damn the successful, the wealthy, the enlightened, and the patriotic in order to gain what we call equality.

Having said that, let me hasten to add that the redistribution of wealth will not solve the human problem that plagues us. Wealth is not fairly distributed in any land under the sun; it never has been and, I presume, never will be. Nor do we solve social predicaments when we blame the top 20 percent of our people for the inequities that seem to mark the 80 percent.

Nor is it logical for our Government to be forever emphasizing the neglected duties of the employers, while ignoring almost totally the neglected duties of the rest of us. The wealthy have many sins to confess, but so do we. And when we come to the advocacy of moving from private capitalism to state capitalism, and the listing of the sins of democracy while ignoring its multiple virtues, and assuming that virtue resides in the have-nots, but not in the haves, I can only shake my head at the presumed wisdom of such positions.

Let no one hearing my voice conclude that I am speaking as a have or a defender of the haves. Let no one believe that I am unconcerned about those in our midst whose rights are often ignored and whose status is questioned. I am not blind to the sins of the privileged any more than I am the sins of the underprivileged. The business leaders do not need my voice to defend their position; they are strong defenders of themselves. But I have walked the roads of life with men of all classes, and have reached one conclusion: "There is none righteous, no, not one." We are all bearers of the tell-tale gray of selfishness. The 5 o'clock shadow is on all our faces.

The Lord I love and serve was not overly optimistic about humanity. He knew man as he is, and worked with him for what he could become. He ministered to the multitude, teaching, healing, feeding, encouraging, comforting, but he never assumed that equality was part of the human scene. He talked of love and neighborliness, but not equality.

Perhaps that is why the New Testament puts the emphasis on brotherhood and not equality. It emphasizes responsibilities, not privileges. It stresses love toward God and love toward neighbor. It seeks to create a church that will be brotherly within, and concerned for those without. It urges men

to find the God-way to selfhood, success and happiness, and offers a heat-treated cell to all who misuse life, be they rich or poor.

Paul, in his letter to the Church of Corinth, denounced the lack of brotherhood within the church, and urged men to be concerned for one another, but he did not assume equality to be one of the "must" characteristics of Christianity. It was not a matter of love without differences, but love in spite of them.

The church, as someone has said, learned a long time ago that it is easier to create liberty than it is to establish equality. It has always known that equality can only be had by a loss of certain liberties. If men want equality above all else, they may best find it in communism. If men want liberty and a fair portion of equality, they must turn toward democracy.

What the world needs is a change of heart, a change of climate born of faith in God, a reaching up that there may be a reaching out, a confession that produces a new dedication. This governments and laws cannot create, for governments and laws are but the reflection of the standards of a people.

Everything in social Christianity depends on the wise use of possessions, time and talents, and only when we, Christian members of a democracy, become good stewards of the things that bless life do we begin to move in the direction of righteousness and justice, peace and true prosperity.

LIBERTY FIRST—THEN EQUALITY

The problem of equality may be in many ways the greatest problem of our day. We cannot solve it by government, and we shall not solve it en masse. Only when we as Christians take seriously the teachings and example of Jesus shall equality and liberty exist without subtraction or subtraction. Only when we stand before God confessing our needs shall we be empowered to meet the needs of others.

If I must choose between liberty and equality, I must choose liberty and then hope and work for equality, for such seems to me to be the Christian's way.

ANTI-SEMITISM IN THE SOVIET UNION

Mr. KEATING. Mr. President, November 9 marked one of history's most tragic anniversaries. Twenty-five years ago, on November 9, 1938, Hitler's storm troopers turned on the German Jewish community, murdering and injuring large numbers of men, women, and children, and arresting 20,000 who were sent to concentration camps. Hundreds of synagogues were set on fire; thousands of shops and homes were looted and destroyed. So much glass was broken that the night has been described as "the night of the broken glass." The Jews had to pay for the destruction of their own property and, in addition, were shouldered with a collective fine of 1 million Reichsmarks.

This was the beginning of the campaign of organized terror and destruction that did not stop until the Nazis were defeated in the worst war of all times, and until millions of Jews were slaughtered.

Now, 25 years later, 3 million Jewish survivors of Hitler's Europe are being hounded by the Soviet Government that seeks to blame Jews for its moral and economic failures. Persecution of Jews is on the increase; the outlook is ominous. Jewish leaders are being executed following widely publicized show trials.

The press, radio, and TV are heaping insult and slander on Jews, branding them as spies and swindlers. Synagogues are being closed, and Jewish cemeteries are being desecrated. This is a continuation of a policy begun by Stalin, and never repudiated by Khrushchev.

State sponsored anti-Semitism is often a successful solution to the problems of the state, functioning to direct public attention away from these problems, while projecting the blame to a defenseless scapegoat. This is a phantom solution, however, leaving the real problems unattended and out of sight where they grow undisturbed. The ensuing desperate situation breeds tyrannical leaders and predisposes to reckless explosions of international violence.

Mr. President, on the 25th anniversary of the beginning of the Nazi extermination program, we are reminded that the preservation of the liberties of all, and of peace itself, depend on the refusal of the civilized world to accept minority group persecution as state policy. We hope and pray that the Soviets will relent in this increasing campaign of anti-Semitism as required by minimum standards of human justice, and as so prominently expressed in their own constitution.

NATIONAL COMMITTEE FOR THE SUPPORT OF THE PUBLIC SCHOOLS

Mr. KEATING. Mr. President, the National Committee for Support of the Public Schools was formed in January 1962 by a bipartisan group of national leaders in business, labor, agriculture, and the professions. Their goals are to promote an increase in financial support of public schools at all levels of government and a reorganization of school finance in order to develop a coordinated, fair and effective system of school support.

Mrs. Agnes E. Meyer, whose efforts on behalf of worthy causes I need not enumerate for my colleagues, is the chairman of the National Committee. Mrs. Meyer addressed the Great Neck Education Association of Great Neck, N.Y., on October 23, and because her speech is so timely and thoughtful, I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

IT PAYS TO EDUCATE

(By Agnes E. Meyer, chairman, National Committee for Support of the Public Schools)

That may sound like a materialistic title. But the plain fact is that our public school system has always been and still is the principal source of America's high per capita productivity. In the modern technological world—a world that is headed toward a new historical era in which our place amongst other nations will be a question of brains rather than brawn—education has assumed such importance that the country which does not value a first-rate system of public schools is doomed.

And yet we find growing resistance to the approval of school budgets and bond issues. This has happened in Great Neck and other

communities. In some communities battles over school expenditures have left scars on the body politic. Nor can we look upon these contests as a struggle between the angels of light and darkness. Rather, the financial difficulties of the public schools derive mainly from these factors:

1. High taxation generally and especially at the Federal level.
2. Lack of realization by many citizens that the improvement of the public schools is a matter of high, if not of first, priority.
3. Our attempt to meet the mounting, and necessarily mounting, costs of public education by means of an archaic system of financial support.

The American public school system was built on a financial structure keyed mainly to the local property tax. A century ago this tax was an acceptable measure of fiscal capacity. This is no longer true. Yet we continue to pay most of the cost of a vastly increased public school bill by a tax on property. In innumerable villages, towns, and cities this traditional source of support for the schools has reached the maximum which it can bear. The real estate tax cannot be increased in many local communities without endangering the economic security of many households.

If factors such as those described have caused difficulties in Great Neck, one may readily imagine the problems encountered in the vast majority of communities which are far less favorably situated.

The States now recognize the necessity of State support for public schools. However, this support is curiously uneven, ranging from 90 percent of local school expenditures in one State to a paltry 12 percent in another. Furthermore, in most States the tax systems which provide the funds for schools and other State undertakings are frequently a hodgepodge and take little account of modern sources of fiscal ability.

Federal funds are now expended for literally hundreds of educational activities totaling \$2.2 billion in 1961-62. However, only a fraction of this amount directly aids the public schools in the localities.

Moreover, the Federal Government increases the difficulty in securing adequate State funds for public schools by the practice of making substantial grants to the States for several purposes, such as highway construction, on a matching basis. Lacking such matching grants, the schools often are placed on a low priority when State legislatures appropriate funds.

There are a few fortunate and conscientious communities such as yours that spend \$1,250 a year per pupil. There is a far greater number that spends less than one-quarter of this amount per pupil, some because they are indifferent to education, others because they literally cannot afford a higher per capita expenditure. This inequality of opportunity for self-development is not only a grave injustice; if it is allowed to continue it will be a serious threat to the future of our Republic for it will result in an ever increasing illiterate, semieducated, ill-trained proletariat—and by the designation proletarian is meant people having no stake in the welfare and progress of our Republic. By starting the schools in our city and rural slums we condemn the poor to continuing poverty.

How extensive is poverty in our country? Far more than most well-to-do Americans realize. It is officially recognized that one-fifth of the American people are living in extreme destitution. Above this poverty-stricken group are about 39 million people who fall short of what is considered in our country a modest subsistence. The chief cause of poverty in our affluent society is ignorance—the fact that these people happen to be born in localities where good education and training are not provided as a

normal part of life. These lowest income groups are inarticulate and lacking in leadership. Thus most well-to-do Americans are unaware of their plight. I regard it as an important manifestation that the Negro is now voicing a protest against continued economic and educational neglect. It should help arouse the general public to the obvious truth that our underprivileged millions, whether black or white, must be given equal opportunity for self-development if our society is to maintain its former rate of productivity and progress. Nor is our democracy entitled to be called such, if we develop a class society in which three-fifths of the population is prosperous and two-fifths struggling to keep body and soul together.

In short, the whole muddled and varied methods of tax support for public education call for analysis, if we are to keep pace with the new and far more costly needs of a school system that will educate our children so that each and every one of them can develop his maximum capacities—we must have a system that can prepare our children to live in a changing world whose frontiers of knowledge are expanding at a frightening pace. Under the new economic, social, and scientific demands upon education, such schools will be very costly.

How can we pay for so expensive a system of public education? Realizing that even some of our most enlightened citizens are baffled by this fundamental problem, a National Committee for Support of the Public Schools has been formed by a bipartisan group of citizens from every State in the Union. What brings us together is our belief that survival and progress of the United States depend as never before upon the full development of our human resources. To pay for our schools is a difficult task, especially in a period when far too many Americans are appalled by the financial strain of military security and foreign aid, to say nothing of social security and unemployment insurance. But our national committee is convinced that better public education for all will contribute vitally to the solution of these problems by raising the rate of national productivity, and by producing the trained personnel that is more important to the security of our country than the atom bomb. If we are strong here at home we shall be better prepared to maintain the world leadership that has been thrust upon us. And, assuredly, we can influence foreign nations, whether friend or foe, far better through our own exemplary performance than through the exhortations and promises of our statesmen.

What then is the program of our National Committee for Support of the Public Schools? We are not a lobbying group. As a committee we are neither for nor against any legislation for support of education, though our members are free as individuals to do as they please. Our program is educational. We are convinced, both the Republicans and Democrats, among our membership, that a much stronger national determination to improve the scope and quality of public education is urgently needed, is in fact the Nation's major problem.

To awaken people to the fact that this must be a nationwide concern and a nationwide movement, we invited our entire membership last April to a 3-day conference of which the Saturday Review of Literature stated: "At its first national conference the committee put on as impressive a display of blue ribbon talent from industry, government, communications, and education as the Nation's Capital has seen in many years." It was attended by 300 community leaders from 48 States, all of whom paid their own way, put aside important professional, business, and personal obligations because they are, one and all, people who put education at the top of their priorities. Our speakers made it clear that we are engaged in a second

industrial revolution that will be more prolonged, more severe, more complex and thus creating more human misery than the first industrial revolution that gave us Karl Marx, unless we develop the educational statesmanship that will rapidly adjust our public schools to the needs of a new era. We have made a summary of the speeches in a booklet called "Light A Fire", a title taken from my farewell message to the committee members, in which I said: "Because of the size of America and its present apathy the individual citizen feels his own effort is often insignificant and even futile. But the secret of the fight for education is that it can be won by each individual committee member working steadily and intelligently in his own community. On Main Street, in the city hall, in the capitals of our States, we members of the national committee must each light our fires. They will spread from the States to Congress once the fire begins to burn brightly in the grassroots."

The program of our committee is different from that of any previous national committee to improve the educational system. It is specifically dedicated to a single aim: to stimulate more adequate financial support of public education. This entails, however, that we make it crystal clear why and how education must now be transformed without delay. We are not in competition with organizations having similar aims who are already in the field. On the contrary, we work in close cooperation with organizations at the grassroots level, the State and local citizens committee, the PTA's, the League of Women Voters, and other large women's and men's clubs.

The National Office in Washington (1424 16th Street NW.) acts as a clearinghouse of information on school problems and school financing. But we fill in the gaps of knowledge on such subjects by original research and factual studies because we are convinced that the people themselves will act to improve their schools when they are fully informed of the obstacles in the path of speedy progress.

The committee's first effort to stimulate understanding and organized action was to publish a report entitled "Changing Demands on Education and Their Fiscal Implications" compiled and written by the distinguished professor of education, John K. Norton; copies can be purchased from our Washington office. The report is concerned primarily with the interrelation of education and economics as they affect the well-being of the individual and of the Nation. If you will read this report you will find a statement of the main objectives of our national committee:

1. To publicize individual and social benefits which accrue from investment in the right kind and amount of public education.
2. To focus public attention on individual and social problems associated with inadequate schooling of a considerable percent of citizens.
3. To point out areas of educational policy and action essential for full development of human resources.
4. To identify fiscal action essential to adequate financial support for effective public education at all levels from kindergarten through grade 14.

We have not gone beyond grade 14 in our calculation since the public schools at present do not envisage an education beyond the age of 16, or of 18 years, if the community has a junior college. But let us not forget that the high school population skyrocketed when the opportunities for employment of unskilled youngsters disappeared. Now that automation calls for people of ever higher skills, it may well be necessary to keep those boys and girls who do not go to college in school until they have been prepared, through work and study programs, to fit into

the changed and constantly changing economic structure. We cannot turn our children on the streets and leave them unprotected against the work hazards of today. The evils of unemployment afflict all age groups in our labor force. But the rate is highest among teenagers, especially among Negroes and other minority groups. It is clear that we shall have to continue suitable education until the time comes when the individual is prepared to find his place as a productive worker—perhaps until he is 20 or 21. To ask ill-prepared youngsters to shift for themselves before or even after high school will only mean a still greater increase in crime and delinquency. We have a choice of keeping all youth in newly planned programs in our schools or keeping them on relief. Certainly the former is more humane; no human being can be happy without work. At the same time such work and study programs would be economically more constructive.

The provisions for continuing education would have to be adjusted to the geographical problems involved, namely the regions of the country which have more precarious problems than others. We must not forget the indigenous problems which confront rural youth of this age in education, training, and job opportunity.

Economists have searched for some factor, hitherto imperfectly recognized, to explain the economic advance of western society. It is in human resources, properly trained, that they have found a major factor of economic growth. Dr. Schultz, of the University of Chicago, has calculated that not less than 30 percent (and perhaps as much as 50 percent) of the unexplained increase in income in the Western World is attributable to the additional education of workers. The investment in education, he maintains, returns as much or more than the investment in physical capital. And Dr. Eli Ginzberg, of Columbia University, puts it this way: "Our economic system is misnamed. Capitalism suggests that the key factor in development is capital; actually it is the values, aspirations, and skills of people."

If we consider the world scene we find an answer to the belief that the Western nations first became prosperous and that this prosperity made it possible for them to have good schools. A careful international study as to whether prosperity came before education has led to the conclusion that, in the advanced Western nations, education has been the precursor rather than the follower in the table of progress. Brazil has extensive natural resources, limited educational development, and a per capita income of \$230. Denmark with almost no natural resources but high educational development, has a per capita annual income of \$750. The comparable figures for Mexico and Switzerland are \$220 and \$1,010, respectively. Japan, with the best school system in Asia and with the highest rate of literacy in the Orient, has also the highest per capita income in the Far East.

These are some of the plain facts concerning education and productivity that must be explained to the American people if we are to overcome their lethargy concerning the need for better public schools and willingness to pay the costs.

One reason for poorly financed schools is the failure of school programs to match the economic changes in other areas. For example, 30 years ago the U.S. Government collected about one-fifth of all taxes, Federal, State, and local. Today the Federal Government gets over two-thirds of all the tax revenues. Yet it pays only 3.6 percent of the school bill whereas the local communities pay 39.4 percent. Our school finance patterns have not reflected that very important shift. They are still bogged down in the outmoded belief of a preindustrial age that local real estate taxes can foot most of the bill.

Failure to recognize this change in the tax structure has resulted in an inflexible attitude toward school expenditures.

Whether the necessary funds to strengthen education will be forthcoming depends on whether the American people understand the social and economic importance of education. Do they understand that education as investment is an economic fact and not a mere figure of speech? Do they understand the outmoded fiscal policies which block the achievement of sound school finance patterns? Do they recognize the penalties, present and future, that attend the failure to provide first-class schools for all our citizens?

Let me digress for a moment so that you may see the revolution we face in education, as I see it. This Nation is headed for serious trouble. The people who know this keep still about it. Most people do not know it because they are lulled to sleep by a pervasive affluence.

The heart of the trouble is our sluggish economy. The famous Swedish sociologist, Gunnar Myrdal, says flatly in his last book, "Challenge to Affluence": "The most important problem in the world today * * * is that America shall succeed in getting out of the rut of slow economic progress." He is not concerned because of any particular love for us. He argues that a nation which cannot solve its own economic problems can scarcely assert the leadership it should have in international affairs. Failure here at home is bound to produce lack of respect even among friendly nations. For on America's economic recovery, says Myrdal, depends not only the well-being of our own citizens but to a great extent the well-being of the whole world.

Our economic problems are aggravated by the rapid expansion of automation by which we maintain and expand production with a fraction of the former working force. Charles C. Killingsworth, professor of labor and industrial relations at Michigan State University, estimates that our real rate of unemployment is not 6 percent, as reported by the Labor Department, but 8.8 percent, an alltime high since the great depression. The number of unemployed youth between 16 and 22 is anybody's guess since many of the unskilled Negroes and whites do not even bother to register. The problem is aggravated by prejudice against the Negro. Bad as the employment outlook for youth is now, it will grow worse without decisive action. On July 12 Secretary of Labor Wirtz said: "There will be 5,500,000 coming into the labor force in the next 32 months and unless we do something 2 million of these could be headed for the scrap heap." In our automated industries there will be less and less room for the untrained worker. At the first conference of the National Committee for Support of the Public Schools, Secretary Wirtz told us: "I suggest that automation demands that the educational system, in one form or another, must assume the responsibility of seeing to it that nobody leaves school until he or she is prepared to do the kind of work that is available."

There is one aspect of the revolution in education that confronts us. Emphasis on the need for new insights and prompt action in education of the disadvantaged in no way diminishes the need for better education throughout the public schools for all children, including those who are able to benefit by a college education. But the million or more young people who are at present neither at school nor at work, and the fact that this group may be increased to a dangerous extent year after year makes it imperative that we take prompt and effective action so that all youths up to the age of 21 will be in school, be employed, or have their time occupied by a combination of schooling and employment.

I am in sympathy with the present drive for excellence provided it does not result in a rat race for marks rather than an interest

in learning. We must not only give superior training to the obviously talented. We must institute a nationwide search to identify and develop talented youth. What is more, much talent could be found among the neglected groups, if our guidance experts were sufficient in numbers and in alertness. But I see the most insidious danger to the civil order and the future of democracy in educational indifference to the underprivileged whether in our city slums or the poorer States whose schools, especially in the rural areas, are a disgrace to a nation which boasts of equal opportunity for all its citizens. As I have said, our sluggish economy is not only a menace to our domestic social progress but to prestige throughout the world. I am not an economist. But I do know that our public schools have always been a major source of our economic leadership. I am convinced, therefore, that if we now have the courage to create a totally new educational system which develops every child's capacities to the utmost, and makes that youngster productive, however humble the job may be, we shall increase the buying power of the Nation and start our economy on an upward trend. There are indications that the expansion of the public school system is already having this effect. The Labor Department has just reported a sharp unexpected increase for the month of September in school employment, the only field except the automobile industry which has improved during that month. "The increase in school employment," said the Labor Department experts "reflects a trend toward more educational services, and has long-term economic significance." This trend will increase in significance for our economy as we improve our educational system at a period when industrial jobs will be limited due to more automation.

Furthermore, the failure to educate results in rejection for military service, in low earning capacity, unemployment, and an appalling expenditure for relief. Thus we all pay for educational neglect.

The U.S. Assistant Secretary of Health, Education, and Welfare testifying before a congressional hearing in 1962 stated: "There are 7½ million persons in our affluent society receiving welfare payments today. Total annual Federal, State, and local expenditures for this purpose exceed \$4.5 billion. Forty-five percent of all families with less than \$2,000 annual income have a head of the family with less than an eighth-grade education. These families, in turn, constitute the source from which the public welfare rolls develop, when an individual becomes unemployed or sick or some other hazard occurs to him."

Now, in conclusion, let me answer those who cry: "Money isn't everything." The facts which I have presented tonight prove that improvement of our public schools cannot develop our human resources without the expenditure of huge additional sums. It is costly to provide schools in every community able to meet the changing demands of a technological age. It will be costly to develop the varying talents of all youths—the gifted, those of average ability, those of low scholastic aptitude. It will be costly to eliminate illiteracy not only among the young but among older persons. Above all, it will be costly to meet the needs of non-academic youngsters who will have to be kept in school or in other training until they can find a job. It will cost huge sums to pay the higher grade of teachers for whom Dr. Conant has made such a strong appeal. It will cost a staggering amount just to build the schoolbuildings, the laboratories, and other necessary facilities for an ever mounting school population. To be sure, money isn't everything. But the evidence is clear that there is a correlation throughout our country between the quality of schools and their level of expenditure.

The increased sums needed were estimated to be between \$7 and \$8 billion per year in 1958 as cited by Dr. Conant, to \$13 billion per year in 1961 as estimated by former President Eisenhower's Commission on National Goals. A calculation for the National Committee for Support of the Public Schools estimates that the minimum increase in current public school expenditures, between the 3 years 1962-63 and 1965-66, should be \$16.9 billion.

The Rockefeller Bros. Fund made a report on this question of needed expenditures: "It will not be enough to meet the problem grudgingly or with a little more money. The Nation's need for good education is immediate, and good education is expensive. That is a fact which the American people have never been quite prepared to face."

"Perhaps the greatest problem facing American education is the widely held view that all we require are a few more teachers, a few more buildings, a little more money. Such an approach will be disastrous. We are moving into the most demanding era in our history. An educational system grudgingly and tardily patched to meet the needs of the moment will be perpetually out of date. We must build for the future in education as daringly and aggressively as we have built other aspects of our national life in the past."

The National Committee for Support of the Public Schools will underpin such general statements with factual studies of State tax structures, with fact sheets that go out to its membership every month by which our members can measure the educational achievements and the fiscal support they give their school systems in comparison with other States. We are confident that the American people want better schools. We are confident that our affluent country can pay for them, provided the obstacles to local, State, and Federal support are removed. By dint of hard work achieved by our distinguished local representatives in our States, cities, and townships, we are confident that we can publicize what the penalties of failure to provide good education will be for the future prestige and well-being of our Nation. By contrast we hope to inspire the American people with a vision of what community life, what our national development, economic, social, and cultural would become; how our status among nations would be enhanced as the reward of providing excellent schools everywhere in the United States.

You here in Great Neck who are struggling so valiantly for good education in your community should realize that you are setting standards for the rest of the country, and that the rest of the country needs the kind of effort you can make, enlarged to a national scale. When your children and the children of every other American family are guaranteed an education of quality from the time they are 6 until the time they are ready to take on the tasks of their society, we will have the education this great democracy deserves and the one it must have if it is to carry out its historic mission of raising the hopes and the capacities of all men everywhere.

TO RULE SPACE: LAW OR MIGHT?

Mr. GRUENING. Mr. President, our able colleague, ALBERT GORE, senior Senator from Tennessee, has written an excellent article on the legal and other aspects of the space age and man's entry into this infinite new area so challenging to man's imagination and effort and so full of potential for good or ill.

Last Sunday's New York Times magazine published this article under the

heading: "To Rule Space: Law or Might?" with the subheading: "The Day Is Coming When the Far Beyond Will Be a Fairly Busy Place, and It Is About Time for the Nations To Agree on Who's Allowed To Do What, Where."

This is an important presentation and perhaps the first serious discussion by an experienced student of international affairs of some of the unresolved aspects of space penetration by man to be published in an organ of national circulation. It deserves the widest reading and adds one more of the constructive approaches to national and international problems which characterize Senator GORE's distinguished career of public service.

I therefore ask unanimous consent that the article be reprinted in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TO RULE SPACE: LAW OR MIGHT?

(By ALBERT GORE)

(NOTE—ALBERT GORE, Senator, Democrat, from Tennessee, gained a close acquaintance with international space issues when he was a member of the U.S. delegation to the U.N.)

WASHINGTON.—Recent spectacular achievements in the effort to conquer outer space have seized the imagination of men everywhere. And perhaps for good reason. After all, most of the drama-producing elements surround the race into space: danger, adventure, and the added excitement of a determined contest between two great world powers.

But the conquest of space involves considerably more than the excitement of a Buck Rogers-type adventure. Enormous military and economic consequences obviously would accrue from a proven ability to transport men and machines freely in outer space. Furthermore, there are important technical and social benefits to be considered.

The United States is clearly committed to a policy of development of outer space for peaceful purposes with the widest possible dissemination of the fruits of that effort. But if development is to proceed under a rule of law rather than a rule of might, all nations must agree upon and accept international rules of behavior governing space activities.

These international rules of behavior, if they are to be fully effective, must relate to the conduct of both nations and individuals. When developed and accepted, these rules will become space law.

Some may question the need for "law" and its application in outer space, an environment in which man is now taking only his first experimental steps. Already, however, certain practical legal questions, though they have not yet arisen as judicial controversies, can easily be foreseen.

The basic question, fundamental to solution of all others, is: Where does space begin and national sovereignty end? The member nations of the U.N. have tentatively agreed that no nation may assert sovereignty in outer space, but they have not agreed on where above the earth's surface this injunction takes effect.

Usually we think of space as the area beyond the earth's atmosphere. But the atmosphere does not just end all at once. It simply gets thinner and thinner until finally there isn't any to speak of.

This presents a problem. For even on the surface of the earth there is often disagreement among nations about the geographical limits of national sovereignty. This is true,

for example, with respect to the law of the sea. Some nations, including the United States, subscribe to the traditional theory that national sovereignty extends seaward a distance of 3 miles from shore. This "rule" came into being many years ago when 3 miles happened to be about the maximum range of weapons then in existence. But some nations insist that sovereignty should extend to 12 miles seaward from the shoreline. Quite a bit more is involved in this controversy than questions of national defense. For example, a nation may control fishing rights within the area of its sovereignty, but not in international waters.

But when legal questions arise in the settlement of disputes involving international waters, there is at least a body of international law that can be applied. Why, then, cannot there be general agreement that the basic principles of the law of the sea would also apply to outer space?

This would appear logical, but the problem is hardly that simple. The subject is complicated, among other reasons, because of the existence of the cold war and the fact that the United States and the U.S.S.R., the leading space powers, are also the chief antagonists in the cold war.

Moreover, within the framework of the tensions of the cold war it is often difficult or even impossible to differentiate between questions that are legal and those that are political. Even where the distinction can be made, agreement on international legal questions is obviously often influenced by international political considerations.

Both the United States and Russia have joined other member states in support of a United Nations resolution passed unanimously relating to peaceful uses of outer space. Among other things, this 1961 resolution commended to member states of the United Nations two important principles—first, that international law, including the United Nations Charter, applies to outer space; and, second, that outer space and celestial bodies are free for exploration and use by all states and are not capable of appropriation by any state.

It will be noted that this resolution reflects agreement "on paper" that international law applies in outer space. The resolution does not, however, purport to reflect agreement on what the law is, or ought to be, other than incorporating by reference the provisions of the United Nations Charter. I need not remind the reader that more often than not there is disagreement between East and West concerning the application of United Nations Charter provisions to specific facts or circumstances.

Significantly, there is not even agreement on what constitutes "peaceful use" of outer space. It seems obvious enough that arming this new environment with weapons of mass destruction for aggressive purposes would not be a "peaceful use." And the United States has clearly and repeatedly stated its policy of not placing nuclear weapons in orbit unless forced to do so by action of the Soviet Union—while at the same time making clear our determination to take every legitimate step necessary to preserve our security and that of our allies. A United States-Soviet agreement not to orbit weapons of mass destruction has now been followed by a unanimous U.N. General Assembly resolution to the same effect.

But if "peaceful use" precludes launching H-bombs from outer space, what about orbiting observation satellites? The argument about so-called "spies in the sky" serves to illustrate how military-political issues act as roadblocks to progress in reaching agreement on practical legal questions.

In supporting the United Nations resolution of 1961 on the application of international law to outer space, the Soviets endorsed the principle that no nation could claim sovereignty over space or any celestial

body. (There are some indications that they may have had second thoughts about the wisdom of this position, but they are clearly on record in support of the principle.) The law of the sea recognizes the free right of transit of international waters by the ships of any nation, including warships. Similarly, the use of the air space above international waters by military aircraft is perfectly legal and is generally accepted as a peaceful operation. At least, in the absence of some aggressive action, such transit is generally not characterized as nonpeaceful.

If space is to be really international territory, then its use by vehicles which have both military and civilian purposes would appear to be wholly permissible. But the Russians denounce the use of observation satellites as espionage, and seek to declare their use to be an invasion of sovereignty, on the grounds that the mechanical eyes of such satellites might look through the atmosphere above the terrestrial area over which a nation exercises sovereignty.

This Russian contention is somewhat novel from the standpoint of legal theory. If it is a violation of international law to observe any activity in a nation from a point outside that nation's border, then it would be a violation of law for anyone standing on a ship outside the 3- or 12-mile limit to look at the shore. If this is a violation of international law, then it surely is frequently violated.

In fact, this Russian contention is based more on political considerations than on legal considerations. It is probably influenced by their conviction that we are well ahead of them in the development of this type of satellite. The Russians frequently condemn something someone else has and they do not have.

It is also quite possible that Russian opposition to observation satellites is really a reflection of their fear of penetration of the secrecy upon which their society is built. If the Russians dared to open up their society as ours has always been open, the thought of mechanical eyes looking across hundreds of miles of air space would not be disturbing to them. But then, if the Communists really did open their society, it would constitute such a basic change in the nature of the Communist way of life that the whole course of the cold war would be changed anyway.

The fact is that observation satellites can serve both civilian and military purposes. They can measure solar and stellar radiation, observe the atmosphere or observe the earth and thus add significantly to the science of geodesy. Any major scientific or technological breakthrough in space development inevitably has both civilian and military applications. It would be impossible to eliminate the military implications of space research, and it would be foolhardy to ignore them. If the Russians persist in seeking to declare illegal any use of space which might have some military application, little progress can be expected in the development of space law.

The orbiting of nuclear weapons and the possible use of space vehicles for military purposes generally are not really legal issues at all. They are political issues. I do not think it realistic to expect that space can be isolated and dealt with just as though the political issues of the cold war did not exist. Neither East nor West will voluntarily abandon an advantage they believe themselves to possess, and all the talk about what is "legal" and what is not "legal" is often nothing more than propaganda.

But failure to resolve political issues need not mean that no progress at all can be made in reaching agreement on the application of international law in outer space. There is hope for progress through the approach of concentrating on the areas where political considerations are not dominant.

The policy of the U.S. Government in seeking to emphasize specific legal topics (rather than propagandistic political pronouncements) in the discussions in the United Nations is fully consistent with this approach.

An example of a problem that should be susceptible to legal solution is this: What rule should govern financial liability for injury or damage to persons or property caused by a space vehicle accident? It is not beyond possibility that two space vehicles might collide. Perhaps likely to occur sooner is a space vehicle landing by accident or mistake in a country other than that from which it was launched.

In the latter eventuality, is there any obligation on the part of the state to provide assistance to astronauts who may land in their territory unexpectedly? What about the return of the astronauts and the space vehicle to the country from which the vehicle was launched? As of now, there are no agreed rules concerning the obligation of states to provide such assistance or the terms upon which they should do so.

The list of questions that might arise is almost endless. It is conceivable, to take another example, that before many decades a crime may be committed aboard such a vehicle in space. If so, what nation would invoke jurisdiction to investigate the crime and to punish the offenders? Would it be the nation above whose territory the incident occurred, or would it be the nation from which the vehicle was launched?

Again, we are hearing already about trips to the moon and back. If colonization of the moon or some other celestial body should become feasible, what rules will govern the ownership of property there? By what process will rights, if any, be established?

These are the types of questions on which the beginnings of a body of space law might gradually be built.

The law of the sea was not developed overnight. In fact, it is still in the process of elaboration and refinement and there is still disagreement about what the law is. That is one of the things that keep international lawyers busy.

The law of outer space will take some time to develop, too.

It must be remembered that international law is effective only to the extent that it is accepted by nations through their accession to a treaty or convention or through custom and practice over a period of years. A resolution adopted by a substantially divided vote in the U.N. General Assembly on a controversial cold-war issue will not be accepted as law by those nations which vote "no," and it will not have the force and effect of law.

On the other hand, it would appear wholly reasonable to expect the world community to agree, for example, on the rules for assessing liability, damages and means of collection should there be damage to property or persons arising from an accident associated with space research. Other topics that are primarily legal in nature should be equally capable of resolution. If agreement can be reached on this type of question, perhaps the formula by which it was reached can be successfully applied to broader questions relating to the conduct of nations in a world community within the framework of law.

There is some basis for encouragement in the fact that we have achieved an agreement for cooperation with the Russians in space research experiments. The bilateral agreement was an outgrowth of an exchange of letters between President Kennedy and Mr. Khrushchev which was followed by talks between Dr. Hugh L. Dryden of the National Aeronautics and Space Administration and Dr. Anatoli Blagonravov of the Soviet Academy of Sciences. The agreement was announced during the United Nations debate

on outer space last fall. It provides for joint United States-U.S.S.R. experiments in mapping the earth's geomagnetic field, in meteorology and in space communications.

This agreement, though limited in nature, is significant if for no other reason than that it indicates there are some areas in which our two countries have found it possible to cooperate in outer space development. If successfully implemented it can, perhaps, lead to other and broader agreements. The Dryden-Blagonravov agreement relates to scientific and technical matters. It was achieved despite political differences. Similarly, agreement should be possible on some legal questions if we can isolate those questions from political considerations.

Perhaps if we can build on these small areas of agreement an escalation of the arms race into outer space can be avoided. It is conceivable that science and technology, so often in history energized by the threat or event of war, may, through space research and development, pave the way for removal of the barriers erected by hate, fear and suspicion.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. GRUENING. Mr. President, I offer my amendment 317, and ask that it be read again.

The PRESIDING OFFICER. The amendment has already been read and appears in the CONGRESSIONAL RECORD.

The question is on agreeing to the amendment offered by the Senator from Alaska [Mr. GRUENING] to the committee amendment in the nature of a substitute.

Mr. GRUENING. I should like to have the yeas and nays. Apparently there is not a sufficient number of Senators in the Chamber. Therefore I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRUENING. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. GRUENING. Mr. President, the bill before the Senate makes a minor but, I believe, an important reform in the terms by which development loans are made under our foreign assistance program.

Last week I suggested that the borrowing rate be precisely the same as that which the United States is required to pay, which is in the neighborhood of 3¼ to 4 percent. By a small margin the Senate, in its wisdom, defeated my amendment to accomplish that purpose.

The present amendment is designed to make the interest rate a flat 2 percent. The present Senate version of the bill provides three-fourths of 1 percent for 5 years, and then 2 percent. I can see no reason for that unusual and unsound combination. Loans should be loans and loans with a concealed grant. If the

rate were made as modest as 2 percent, I do not see how anyone could seriously object. Two percent is also the rate in the House version of the bill. If both Houses could agree on that rate, we would have obviated a possible long wrangle which might take place in conference. We want to pass a foreign aid bill. It has been a long time coming. This is a wise, sound amendment. I can think of no reasonable objection to it. I can see no reason why any Senator should object to exacting a modest 2 percent on foreign development loans.

I hope the amendment will be adopted.

Mr. MORSE. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield to the Senator from Oregon.

Mr. MORSE. Does not this amendment provide the same rate as is provided in the House bill?

Mr. GRUENING. It is identical with the rate in the House bill. If it were adopted, it might obviate a long wrangle and possible deadlock in conference. It would remove one area of conflict. For that reason alone, in addition to its saving of funds, the amendment should be adopted.

We want to move along with the foreign aid bill. It has been greatly improved in the past 10 days. When it goes to conference, there should be eliminated as many areas of conflict as possible. If this modest amendment, which would make the interest rate a straight 2 percent, were adopted, there would be no conflict with the House over this issue, because this provision is identical with the House provision.

Mr. MORSE. Mr. President, I hope the Senate will adopt the amendment. We have reached the time in our foreign aid program when the so-called giveaway feature of our loans must be terminated. The interest rate ought to be more than 2 percent. It ought to be a rate which would cover the cost of the use of the money. However, such a proposal has been rejected.

The House has proposed a 2-percent interest rate. That would bring to an end the three-fourths of 1 percent rate, which hardly covers more than the bookkeeping cost of the loan.

Furthermore, we are not buying friends with the three-fourths of 1 percent loan program. We are not developing in those countries a satisfactory judgment concerning the use to which the money is put, as would be the case if the interest rate were 2 percent.

Also, the 2-percent interest rate would have a salutary effect on the nature of the projects with which those countries would finally initiate.

More important, raising the rate to 2 percent would have great psychological value. It is important to impress upon the recipient countries that the era has passed when the United States will give away its taxpayer dollars. We are willing to lend money to them for sound projects. To help them to compete longer by way of what amounts to a combined loan and grant program, we will offer a 2-percent interest rate, which is less than the cost of the money.

Furthermore, we should think in terms of what is fair to the taxpayers. It is

interesting to observe that other countries, when they enter into any foreign aid program, by and large—there are some exceptions—charge an interest rate in excess of the rate we charge. Sometimes we find ourselves in the position of making loans at low rates of interest, only to learn that some of the money is used to pay off loans that have come due in other countries at a much higher rate of interest. That is not fair to the American taxpayers. It is not only the calamity howlers we hear on this point. Some are howling, but to increase the interest rate would not bring the program to an end. There would still be a strong demand for loans at 2 percent. Stronger projects would result. It seems to me that we have a duty to charge a minimum of 2 percent in fairness to the taxpayers.

Mr. FULBRIGHT. Mr. President, the committee bill contains a provision on loan terms that the committee worked on at some length. The bill now provides a rate of three-fourths of 1 percent for a maximum of 5 years, and a rate of 2 percent thereafter. This is quite a stepup from the administration of the present law, which has included a 40-year limitation and whatever interest terms the President may determine, which have been three-fourths of 1 percent. This is the minimum, of course, throughout the period.

As reported by the committee, the bill retains some discretion for the President, and some flexibility for the new, underdeveloped countries. It is believed to be important that they be given a chance to start with the minimum burden upon their requirements for foreign exchange. In other words, it is desired to enable projects in the newly developing countries to be started without creating a serious problem in the servicing of the loans.

This is not a moneymaking proposal; no one pretends that it is. We are not operating a pawnbroker's shop. This program is strongly influenced by U.S. foreign policy considerations, as distinguished from the operations of the International Bank and some of the other international financial institutions, or the Export-Import Bank. The program is designed to provide for really needy countries. It was never intended, and is not now intended, to make money, but to afford the developing nations an opportunity to get on their feet.

The ultimate repayment, which is the important part, would be promoted by the terms of the committee bill. I believe they would ease its administration.

I hope the Senate will not accept the amendment.

The PRESIDING OFFICER (Mr. NELSON in the chair). The question is on agreeing to the amendment of the Senator from Alaska [Mr. GRUENING] to the committee amendment, as amended, in the nature of a substitute. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.
Mr. HUMPHREY. I announce that the Senator from West Virginia [Mr. BYRD], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr.

HAYDEN], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. McCARTHY], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Georgia [Mr. RUSSELL], and the Senator from Mississippi [Mr. STENNIS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from West Virginia [Mr. BYRD], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from California [Mr. ENGLE] would each vote "nay."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Minnesota [Mr. McCARTHY]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from Minnesota would vote "nay."

Mr. KUCHEL. I announce that the Senator from Kentucky [Mr. COOPER], the Senator from Colorado [Mr. DOMINICK], and the Senator from Vermont [Mr. PROUTY] are detained on official business.

On this vote, the Senator from Colorado [Mr. DOMINICK] is paired with the Senator from Kentucky [Mr. COOPER]. If present and voting, the Senator from Colorado would vote "yea," and the Senator from Kentucky would vote "nay."

The result was announced—yeas 41, nays 47, as follows:

[No. 229 Leg.]

YEAS—41

Allott	Fong	Proxmire
Bartlett	Goldwater	Robertson
Beall	Gruening	Scott
Bennett	Hruska	Simpson
Bible	Jackson	Symington
Burdick	Johnston	Talmadge
Byrd, Va.	Jordan, N.C.	Thurmond
Cannon	Jordan, Idaho	Tower
Cotton	Long, Mo.	Walters
Curtis	McClellan	Williams, Del.
Dodd	Mecham	Yarborough
Eastland	Morse	Young, N. Dak.
Ellender	Mundt	Young, Ohio
Ervin	Pearson	

NAYS—47

Aiken	Hill	Miller
Anderson	Holland	Monroney
Bayh	Humphrey	Morton
Boggs	Inouye	Moss
Brewster	Javits	Muskie
Carlson	Keating	Nelson
Case	Kennedy	Pastore
Church	Kuchel	Pell
Clark	Lausche	Randolph
Dirksen	Magnuson	Ribicoff
Douglas	Mansfield	Saltonstall
Edmondson	McGee	Smathers
Fulbright	McGovern	Smith
Gore	McIntyre	Sparkman
Hartke	McNamara	Williams, N.J.
Hickenlooper	Metcalf	

NOT VOTING—12

Byrd, W. Va.	Hart	Neuberger
Cooper	Hayden	Prouty
Dominick	Long, La.	Russell
Engle	McCarthy	Stennis

So Mr. GRUENING's amendment to the committee amendment, as amended, was rejected.

Mr. FULBRIGHT. Mr. President, I move that the vote by which the amendment to the committee amendment, as amended, was rejected be reconsidered.

Mr. HUMPHREY. Mr. President, I move to lay on the table the motion to reconsider.

Mr. GRUENING. Mr. President, on this question, I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota to lay on the table the motion of the Senator from Arkansas [Mr. FULBRIGHT] that the Senate reconsider the vote by which the Gruening amendment to the committee amendment, as amended, was rejected.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I offer my amendment No. 316, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Oregon will be stated.

The LEGISLATIVE CLERK. On page 33, line 2, it is proposed in lieu of "\$225,000,000" to insert "\$220,000,000".

On page 40, line 5, it is proposed in lieu of "\$400,000,000" to insert "\$350,000,000".

Mr. MORSE. Mr. President, before I turn to the amendment, I wish to comment on a statement made last night by the committee chairman which appears on page 20531 of the RECORD, dealing with my contingency fund amendment. The Senator from Arkansas [Mr. FULBRIGHT] said:

Mr. President, I wish to take only 2 or 3 minutes to say that I believe the amendment would be a very serious setback to the Alliance for Progress program. All loans are directly or indirectly made for the purpose of supporting the balance of payments. The main purpose of the whole program, whether it be in Latin America or anywhere else in the world, is to provide the means by which the recipient country can import materials which it cannot produce. This is particularly true of Latin America. It is very difficult for me to think of loans which would not come under the prohibition of the pending amendment, particularly with regard to the balance of payments.

The theses of my argument were that there existed many loans that would not come under the amendment. The AID officials themselves so admit. They know what loans would not come under it, contrary to the views of the chairman of the committee.

The Senator from Rhode Island [Mr. PELL] had printed in the RECORD a table which he obtained from AID. The table lists the loans, and, of course, it lists the classifications that would come under my amendment. The list is as follows:

1. Development project loans and grants, percent of total.
2. Development program loans, percent of total.
3. Balance-of-payment financing, percent of total.

That is what came under my amendment.

4. Budget support loans and grants, percent of total.

That is the other classification that came under my amendment. The first two groups—development project loans and grants and development program loans—did not come under the amendment. They could not come under the amendment. AID recognizes this fact. They maintain their own category of dif-

ferentiation. I merely wished to put that statement into the RECORD because I knew whereof I spoke when the amendment was offered and knew the distinctions among such loans.

AMENDMENT NO. 316

I turn now to the consideration of my amendment No. 316. The amendment would combine and revise my earlier amendments numbered 256 and 257. Those amendments may be offered separately later with different figures.

The material on page 33 of the bill deals with both the grants and is section 212 of title II. My amendment would reduce the figure of \$225 million proposed by the Foreign Relations Committee to \$220 million, thus bringing it closer to the House figure of \$217 million.

Mr. President, I am being very considerate when I propose a cut of only \$5 million in the program. I am not proposing more because the program does deal with projects, although great savings could be made and great waste could be eliminated in some of the project loans.

The material on page 40 of the bill deals with supporting assistance, and is chapter 4 of the program. My amendment would reduce the \$400 million proposed by the Foreign Relations Committee for supporting assistance to \$350 million. That is a small amount. It could very well be much larger. Yesterday I indicated, and wish to indicate now, that I hope some understanding can be reached during today, tomorrow, the next day, or next week—the earlier the better—whereby the cut in the Senate would be \$500 million, which would leave a Senate version of \$3,700 million and a House bill of \$3,500 million. It is impossible to say what the conference would do, but I do not think it would do much better than split the difference. But why delude ourselves? I do not believe that there is a Senator who believes that the final appropriation will be any considerable amount, if any, over \$3 billion. When the two Appropriations Committees go into conference, they will probably be compromising between approximately \$2.7 billion and \$3 billion.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. We speculate on the total amount of the bill, but, as I have proposed, the bill should be examined country by country. Today in the news we read that another country has eliminated itself voluntarily from our aid. Cambodia has said that it does not want our aid, either economic or military.

Mr. MORSE. Unless we take her dictation.

Mr. GRUENING. It does not want our military aid nor our economic aid. It wants us to get out. Cambodia is one of the so-called dominoes in the Far East that we do not want to see fall. But this has now become Cambodia's choice and decision. Cambodia is a middle domino which has taken itself out voluntarily.

Will our foreign aid administrators go to Cambodia and insist that it must

take our money? Obviously not. At least I assume not. So there is approximately \$18 million or \$20 million which we can take off the total.

As I said on the floor the other day, we should go through the list of countries one by one. We should determine the countries that would be eliminated by the Church amendment. They are the countries that are prosperous, made so by U.S. aid—France, West Germany, the United Kingdom, the Netherlands, Belgium, Spain, and Japan. We should take out the aggressor nations which have been barred by specific amendments, such as Egypt and Indonesia. We should take out the countries that have been dropped from the program—more or less as they should be—because they have received enough aid. I refer to such countries as Israel, Lebanon, and Greece. We should consider Taiwan. If we would do so, we would arrive at a figure which is much more reasonable than that which is now being discussed.

Though it is all very proper to make them. I do not believe in blanket cuts. I think we should approach the question in a scientific, scholarly, studious, and detailed manner. We should consider the program country by country and find out what the countries have been doing. In the past 2 days we have had ample confirmation of the fact that Argentina and Brazil do not qualify under the rules established by mutual agreement of the American Republics at Punta del Este. These two, Brazil and Argentina, do not want any part of that program. They do not want to revise their economy. They make no effort to stop inflation. They shy at making the needed reforms. President Goulart has said as much. He said that the Alliance program is no good. Although we have poured \$2.5 billion into Brazil, he did not have the courtesy to mention our generous contributions. Argentina has rebuffed Secretary Harriman's efforts to obtain a square deal for the American oil companies and to abide by agreements made with them. There goes the Argentine.

As we debate, we may find that more and more countries will drop out for one reason or another either because they "want out" or because they are obviously disqualified. So I believe the estimates which the Senator from Oregon makes are very generous. It is much more likely that the program will be cut further, and the cuts will improve the program, because they will enable us to concentrate on the countries which are qualified and are trying to do their part in self-help, which wish to "play ball" with us, by establishing a program that will be fiscally sound and make the necessary reforms. So I invite the attention of Senators to the fact that as every day passes this country-by-country approach seems much more logical, reasonable, and proper.

Mr. MORSE. Does the Senator from Alaska propose to have the article published in the New York Times on Cambodia printed in the Record?

Mr. GRUENING. Yes, Mr. President, I ask unanimous consent to have printed in the Record an article published in the New York Times of November 12, 1963,

entitled, "Cambodia To End U.S. Aid—Says Troops Must Go," with the sub-heading "We Will Be Poorer, But More Independent," Prince Says." That is Prince Norodom Sihanouk.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the New York Times, Nov. 12, 1963]

CAMBODIA TO END U.S. AID—SAYS TROOPS MUST GO—"WE WILL BE POORER, BUT MORE INDEPENDENT," PRINCE SAYS—CHINESE COMMUNISTS TO BE ASKED FOR ASSISTANCE

PNOM PENH, CAMBODIA, November 12.—Prince Norodom Sihanouk renounced today U.S. military and economic aid as of January 1, 1964, and said French and American troops must leave his southeast Asian kingdom.

There was no indication that the neutralist head of state would renounce the aid he has been receiving from the Soviet Union, Communist China and other Communist countries. He said he would call in five Chinese Communist experts to help organize state control.

Only yesterday the Prince announced the nationalization of import and export business here and the nationalization of Cambodian banks as of the end of next June. He called the moves part of his program of advanced socialism.

Prince Sihanouk, who stepped down as king so he could rule more firmly as chief of state, has received about \$365 million in U.S. aid since his country became independent in 1955. At that time French Indochina was divided into Laos, Cambodia, and North and South Vietnam.

The Cambodian leader has tried to maintain a strictly neutral role in southeast Asia. In announcing his decision to give up American aid he said at a news conference that "by this measure we will be poorer but more independent."

There was no sign that Prince Sihanouk planned to abandon his neutrality in the cold war. But in recent years he has been increasingly annoyed with the United States for the vast military aid given to neighboring Thailand and South Vietnam.

Border clashes have been frequent with South Vietnam, and on August 20, 1962, the Prince asked the 14-nation group that wrote the cease-fire agreements for the civil war in Laos to meet again to guarantee Cambodia's neutrality.

Most of the Communist countries agreed, but the United States and Britain were lukewarm. President Kennedy suggested that interested countries reaffirm their respect for Cambodian integrity and independence.

Prince Sihanouk said this was not enough. He later threatened to ask Peiping to send in enough forces to discourage aggression.

U.S. OFFICIALS CONCERNED

WASHINGTON, November 12.—Officials expressed concern today over the announcement by Prince Sihanouk.

Cambodia, which is about the size of Utah, has a strategic importance in the cold war that overshadows its dimensions. The United States keeps about 60 men there to oversee the military aid program, which last year totaled \$10.4 million. Economic aid was put at \$18.8 million in 1963.

Some officials were disturbed by the possibility that Prince Sihanouk might draw Cambodia closer to the Communist bloc, particularly Communist China.

Cambodia is bordered by South Vietnam, Thailand and Laos. If she shifted away from her nonalignment policy she could drive a wedge between Thailand and Vietnam, creating a serious situation for the United States on the Indochina peninsula.

Mr. MORSE. We are dealing with a kingdom.

Mr. GRUENING. Yes.

Mr. MORSE. This great democrat in Cambodia is a monarch. If we read the article, it is clear that if we should surrender to his dictation he might condescend to take more American aid, but on his terms, of course. That is what is wrong with much of the foreign aid program.

I am glad the Senator made mention of the so-called domino theory. It has always been highly fallacious, but as the Senator says, Cambodia is not the end domino but a middle domino. It will merely withdraw from the line.

One of the great fallacies is that we require the so-called domino countries for the defense of American interests in the Pacific. That is complete nonsense. It has always been nonsense. The American position in the Pacific and the defense of those countries as well happen to be dependent upon the U.S. 7th Fleet, the American air armada, and the thousands and thousands of American boys in uniform scattered throughout the Pacific.

In most of those countries, 10 Boy Scout troops could lick their armies. In many of those countries there is no will to fight. Yet we continue to pour into those countries heavy dosages of military aid, and we pay their armies out of the pockets of American taxpayers, as a sort of employment program.

They are most remarkable armies. They go into battle and come out either with no casualties or no wounded or only a few scratches, because they have no will to fight. We have been "taken for a ride" in this entire program in that part of the world. As one Senator, I am not going to vote for it.

I was opposed to our going into South Vietnam, and I am opposed to staying there and do not intend to vote to murder American boys in South Vietnam. We are not going to get any effective military fighting out of the South Vietnamese. We should pay attention for it may be only a few years before they will be making a deal with the North Vietnamese, anyway.

I am for protecting American interests in the Pacific, but I am for protecting them with American forces—the American naval, air, and land forces. Any time those countries want to offer to go along with a program of sound foreign aid, in which they will agree to help themselves and get off the American dole, I will begin being interested in some foreign aid in that part of the world.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. Does not the defection, if we can call it that, of Cambodia, from our foreign aid program, in the judgment of the Senator from Oregon, necessarily give us pause for consideration of a revision of our military policy in southeast Asia?

Mr. MORSE. Of course, I believe there should be a revision of our military policy in South Vietnam. There is an article in this morning's press about

one of our generals who has been in charge of the American military program in South Vietnam, who is reported to be not in the best of grace with the new regime. So, I suppose we will once again surrender to that group of politicians. I do not know what the outcome will be, but we should not downgrade American generals and American military forces anywhere, including South Vietnam.

Mr. GRUENING. Is it not also obvious that, although our military assistance program has not been materially modified in recent years, strategic considerations have very greatly changed, as demonstrated by the success of the great airlift, which has proved that in a matter of a few hours we can transport the troops necessary to any given point?

Why must we support standing armies in all kinds of little countries, in some of which as the Senator from Oregon has said, there is not even the will to fight?

Mr. MORSE. All the world—including, incidentally, West Germany—knows that protection of freedom is dependent upon U.S. nuclear power. All Europe knows that if Russia makes an offensive move against a NATO ally, under our commitments she will be confronted with American nuclear power. The sad and awful thing about it is that we, too, will be confronted with nuclear power. That is the terrible gamble and risk mankind is running.

I do not propose to vote to weaken the greatest defense weapon we have, the American economy, which makes possible our nuclear power, until that glorious day of peace, when all mankind comes to its senses and recognizes it must have an enforceable disarmament program that will bring an end to this insane nuclear armaments race. That probably will not happen in the Senator's time or in mine; but we cannot justify continuing to undermine the American economy, as we are doing, with so much of this foreign aid program—the President's speech in New York last Friday to the contrary notwithstanding.

I reiterate by reference at this moment to the criticisms I made of that speech yesterday on the floor of the Senate. In my judgment, it was not a sound speech.

With respect to what Europe knows and what we have demonstrated by the airlift program, as to how fast we could move men to Germany, if we wish to move men—we will not be using many men in a nuclear war—that airlift was a great demonstration of American military efficiency, might, and power.

But, what did our Secretary of State do? In spite of that demonstration, he assured Erhard that we will not bring our American boys home. We should bring home four divisions. That would have a terrific effect on the American balance-of-payments problems. It would have a great effect on the American economy. I know that is political heresy for a Democrat to utter on the floor of the Senate. I do not mind being a heretic, when I know I am right, and when I know I am supporting the best interests of the American taxpayers, as the American taxpayers are going to make perfectly clear in the months ahead.

A good many persons are not thinking ahead as to what the position of the American people will be.

Mr. GRUENING. I am confident that when the bill, in its vastly bettered form, is passed by the Senate, there will be almost universal approval in our country of the improvements that have been made under the leadership of the Senator from Oregon. If any criticism is to be made, it may be that we have not gone far enough.

Mr. MORSE. We have not gone far enough.

Mr. GRUENING. But that is not because of any lack of enthusiasm or energy on the part of the leaders or of Senators who have sought to improve the bill.

Mr. MORSE. I do not know about that; all I know is that we have not had the votes. A majority should have stood with us.

Mr. GRUENING. That is correct.

Mr. MORSE. For example, last night, in connection with the contingency fund, we tried to end a misuse by the President of the United States of the taxpayers' dollars in a contingency fund, whereby the President and his predecessors poured millions of dollars into balance-of-payments and budget support programs in Brazil, the Argentine, Ecuador, and, of all places, Indonesia, and other countries in the world. But the American people do not know such ugly facts. They do not know that Congress has voted the President of the United States unchecked discretion to spend, at his will, without obtaining prior approval of the Congress for the specific amount of money he wished to pour into some country's "slipping" money, or budget support money.

We must inform the American people in the months ahead. I am convinced of the sound judgment of the American people once they grasp an understanding of the abuse of Presidential power.

Under our system, I do not think any Congress can justify voting to give any President such unchecked discretionary power to take, at his will, millions of dollars of the American taxpayers' money and say to the President of Brazil, "You can have it for budget balancing, for budget support," when we in this country have a serious deficit, running into billions of dollars, and when we have such a serious balance-of-payments problem that some of our leading economists are very much concerned about the American gold supply.

When will there be a stop to the raiding of the U.S. Treasury? When will there be a stop to the raiding of the pockets of the American taxpayers? I will tell Senators when—when the American taxpayers obtain the facts and enter that great citadel of freedom, the voting booth, and hold officials to an accounting for such malpractices.

I thank the Senator from Alaska for his contribution.

Speaking of the pending amendment, I fully appreciate that taken together, these changes would reduce the pending bill by only \$55 million. To some, it would appear that to discuss figures amounting to less than \$100 million is to waste the time of the Senate.

But \$55 million is not chickenfeed. If we add the 5's and the 10's and the 25's and the 50's, a careful pruning of the bill adds up to a substantial accumulated saving for the American taxpayer. That is the objective of the Senator from Oregon and my wonderful colleagues who have stood with me in this fight in the Senate to bring about, at long last, some reforms in the shocking foreign aid program.

I consider such a saving to be important because it deals with grant programs. Supporting assistance is, in particular, a source of concern to me for the reason that, if we are ever to get foreign aid on a loan rather than a grant basis, we will have to see the end first of supporting assistance.

"Supporting assistance" is a deceptive phrase. We must watch the State Department when it uses such phrases. It uses genteel words that have a tendency to lull public opinion. They act as opiates. Explanation is in order for the record as to what "supporting assistance" involves.

Supporting assistance is most frequently the category used for political purposes. It is the most frequently used to enable other nations to balance their budgets, a goal that we are willing to go into deficit financing in order to help others achieve. Supporting assistance is nonproject grant aid.

Supporting assistance is nonproject grant aid. No forensic weeping should be heard on the floor of the Senate, from any of the spokesmen for the President, about any interference, in this amendment, with project aid, for in connection with supporting assistance there is not a project involved. What is involved is an attempt to stop American support of the Brazilian budget. Even if the President of Brazil had not made his attack yesterday on the United States, I would say this. Why should we grant a dime to the President of Brazil to shore up his budget, when the President of Brazil has made an economic record as worthless as an infertile goose egg? If anyone can tell me anything more valuable than an infertile goose egg, I would like him to tell me what it is.

The President of Brazil has done nothing about inflation in that country. He has done nothing to carry out the commitments his Finance Minister made in Washington a few months ago—the so-called austerity reform Brazil was supposed to inaugurate, and the great program in the field of fiscal reform Brazil was to inaugurate, if she could get only a few more million of dollars for budget support, for supporting assistance.

We are taken for a bunch of suckers in conference after conference. Our State Department falls for it, and the American taxpayers are rooked. The press does not like that word. It has criticized me for saying that the American taxpayers are being rooked. The American people know what it means, and the press knows what it means. But if the press engaged in a Pravda line of supporting the administration on the foreign aid giveaway program, it does not like specific language that leaves no room for doubt as to what I mean.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Iowa.

Mr. MILLER. In connection with the comments on Brazil, it might be well to show at this time that for the fiscal year 1963 Brazil received \$67,200,000, in development grants and loans, and \$61 million in assistance under Public Law 480.

I point out further that while this was going on Brazil was unable to pay \$287,000 in back assessments to the United Nations for 1961 and prior years.

The point I am making is that one wonders why, with \$61 million in Public Law 480 assistance and \$67,200,000 in development loans and grants, somehow or other Brazil was unable to become current in its payment of assessments to the United Nations.

Mr. MORSE. I thank the Senator very much for bringing out those facts. While those are startling enough, I shall cite even more startling figures as to what Brazil has been getting.

The amendment is offered not only on behalf of the Senator from Oregon, but also the senior Senator from Louisiana [Mr. ELLENDER].

He is known familiarly and affectionately in the Senate as the "Little Giant." So far as I am concerned, he is a big giant. I wish to pay my respects to him. He has been far ahead of us for many years in connection with the need for reform in foreign aid. When some of us were still engaged in the luxury of wishful thinking and hoping that the State Department would bring about some needed changes in the foreign aid program, and when year after year in the Foreign Relations Committee I participated in the debate, and when we pleaded with the State Department to do something about it, the Senator from Louisiana [Mr. ELLENDER] year after year stood on the floor of the Senate and forewarned us of many of the things which now have become known as facts to all Senators.

It has been a long time coming. I thank the Senator from Louisiana publicly for the privilege that I have had of working with him on the bill this year and standing shoulder to shoulder with him as we fought on amendment after amendment to try to protect the interests of the American taxpayer.

I had made the point that supporting assistance was nonproject grant aid. In that respect, it is far more deserving of elimination than development grants, because development grants go into specific projects that may be in the nature of education, health, or some similar social improvement that does not repay itself on a scheduled basis, but which nonetheless can be evaluated for its impact upon the welfare of the people.

The small amount that I am recommending in development grants is much smaller than what really should be offered, but the amendment makes a package, along with the \$50 million proposed cut in supporting assistance of \$55 million. I repeat that it is not true that supporting assistance goes into projects. For the most part it goes into budget support in countries which have not been willing to adopt reforms that they ought

to adopt, in order to settle their own budget problems. The Senator from Iowa [Mr. MILLER] and the Senator from Alaska [Mr. GRUENING] have been pointing out the great deficiencies which have prevailed in Brazil. Yesterday we were treated to an anti-American speech by the President of Brazil, whose country has been the recipient of millions of dollars of supporting assistance and contingency fund assistance from the President of the United States, but who is opposed to any arrangement being arrived at in São Paulo for a multilateral group to study and evaluate the Alliance for Progress programs. Apparently he is a "go-along-alone-er." He is the President of a country which has been the beneficiary of millions of dollars of misused presidential contingency fund money, unknown at the time to Congress or to the American taxpayer.

It is never safe in a democracy to give any administrator of government—President, Senator, Congressman, sheriff, constable, or anyone else—unchecked discretionary power. That is when abuses develop. A procedure that permits abuse is a bad procedure, and restrictions ought to be written into it that will check the abuse.

Last night I gave the Senate an opportunity to write restrictions. That was a vital rollcall. The voters of America should pay attention to that yea-and-nay vote, for that vote shows that the majority of this body is willing to let the President of the United States continue with unchecked discretionary power.

We cannot reconcile that procedure with our representative form of government. We cannot reconcile it with our system of checks and balances, which is so essential to maintain and preserve and protect the freedom of the American people.

We are dealing with support assistance, which ought to be checked. Support assistance is the American dole to countries that refuse to initiate reforms. Support assistance is a dole to the President of Brazil, for the runaway inflation that has gone over 100 percent, to the president of a country that refuses to adopt economic reforms which are necessary to stabilize the country, to a president of a country whose wealthy oligarchs make money from American foreign aid and sink it in New York and Swiss banks, not in the future of the economy of their country.

That is the problem we are dealing with.

Mr. President, after a series of conferences, I announce a modification of my amendment No. 316, by striking out lines 1 and 2 of the amendment. This modification of my amendment would eliminate from consideration any cut in the development grant program.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. BREWSTER in the chair). The Senator from Oregon will state it.

Mr. MORSE. Is it true that I have the parliamentary right to modify my amendment?

The PRESIDING OFFICER. The Senator from Oregon has the right to modify his own amendment.

Mr. MORSE. I thank the Chair.

I announce that at a later hour amendment No. 257 shall be called up, which deals directly with development grants. Several Senators have told me they will support that part of my amendment which deals with support assistance, but they find it difficult to support a cut in development grants. In order to separate the two issues, I have modified my amendment accordingly.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CHURCH. I am pleased to learn that the Senator from Oregon has chosen to modify his amendment by striking from it that part which would reduce the technical aid program. I ask the Senator whether this leaves the amendment in such form as to be limited to defense support exclusively?

Mr. MORSE. That is correct.

Mr. CHURCH. Does the amendment now provide for a reduction in the defense support program from \$400 to \$360 million?

Mr. MORSE. To \$350 million.

Mr. CHURCH. To \$350 million?

Mr. MORSE. It would be a \$50 million cut.

Mr. CHURCH. I should like to support the Senator in his objective. He knows that I have long felt that the program of military support assistance is open to very serious question, because this is the kind of aid we are giving some countries that receive an excessively large slice of the American aid "melon." Therefore, I believe the amendment would reach through to some of the countries the Senator and I discussed yesterday in the course of our colloquy in the Chamber. I feel that we need to take into account the action which has already been taken in the other body, where this particular item was reduced to \$380 million.

If the Senate were to approve the amendment offered by the Senator from Oregon in its present form, it would mean that the Senate would reduce this item \$30 million below the House figure. In view of the large cut that has already been approved in the House, I am not prepared to cut this item below the House figure.

If the Senator from Oregon were willing to modify the amendment and substitute the House figure of \$380 million, the result would be to effect another \$20 million cut and reduce this item to the same level as the House figure. If the amendment were so modified, I would support it. In fact, I would like to join the Senator in offering the amendment in such modified form.

Mr. MORSE. I appreciate the suggestion of the Senator from Idaho and shall give it careful consideration. I am not in a position at the present time to accept the suggestion, because of my commitment to other Senators and because of another problem I frankly presented to the Senator from Idaho and other Senators.

This is one place where the House could have cut the item more than it did and left us a sounder foreign aid bill. The Senate could take \$50 million off the authorization for supporting assistance and

have a much sounder bill. But I have suggested to some of the proponents of the bill that we ought to face the reality of what the final appropriation is likely to be. In my judgment, it will not be more than \$300 million, and probably not that much. If we are to have a conference with the House, it would be well to have figures below the House figures, at least for consideration.

Be that as it may, I had hoped that some understanding could be reached on an additional \$40 million cut. It would bring the total cut in the Senate to \$500 million. It stands at \$460 million now. Although we could save more money, so far as I am concerned that would be a pretty workable figure to take to conference. It would save much time because, unless we can arrive at what we think is a workable figure, we shall have to continue to try to cut the authorizations in the bill amendment by amendment, which will involve a list of amendments providing for cuts country by country.

I have said that I do not believe that defeating those of us who believe this cut should be greater by yea and nay votes—which will continue to show, I am sure, a substantial number in this body who are fed up with the bill and the programs it represents—is helpful to obtaining ultimately good foreign aid support in this country. But if that is the way the administration wants to operate, it is all right with the Senator from Oregon. I will not be deterred by what probably was a very unsound speech of the President in New York City the other night. The President himself, or his secretary ought to be in consultation with us on this subject. We have no intention of stopping the fight. We are going to give the Senate an opportunity to work its will amendment by amendment.

I thank the Senator from Idaho very much. I am not rejecting his suggestion and shall go into consultation with other Senators about it later. However, this is the place where the administration could agree to take another \$40 million cut and have a stronger bill, because if there is one area which we ought to reform, it is in connection with supporting assistance.

Supporting assistance is the payroll on which we put nations all over the world that are unwilling to put their economic houses in order and unwilling to live within their means.

We offer to make up the difference between the scale on which they want to live and the scale on which they can afford to live, and we do it with supporting assistance, at the expense of the American taxpayer.

Supporting assistance goes into a nation's budget and is forever lost to the sight of the American taxpayers whose money it was. Wherever there is a country in the world receiving supporting assistance, there is a country that wants a military machine that it cannot support, or maintains inefficient socialized industries that are really used to give jobs to the unemployed, or a country that is simply thought to be important to us for political reasons.

In my opinion, none of these reasons justifies our giving them supporting assistance. I invite Senators to come to

my desk and inspect the list I have prepared of major recipients of aid around the borders of the Communist bloc, which shows how much supporting assistance they are down for in fiscal 1964.

I cannot read the figures, because they are marked "top secret." They should not be top secret. There is no reason why the American taxpayer should not be informed of these figures. I can put in the Record, and I shall, the figures for fiscal 1963, 1962, 1961, and 1960, and from the beginning of the support assistance program, but we must not disclose to the American people the figures for 1964. Such a procedure cannot be justified. I wonder why we cannot disclose the figures. All the reasons given are fallacious. It is argued that if we disclose this information, some of the countries that do not receive as much as others will request more, on the ground that they are being discriminated against. That is more nonsense.

It is argued that we should not disclose information that would be of use to our potential enemies. Does anyone believe that Russia does not know that we give substantial support to certain countries? Of course she does. I am more inclined to think that we cannot make the figures public because the Government does not want the American citizen to know, because the American citizen might not be kind about it. I hope the American people will not be kind about the program itself, and will be more unkind because their Government will not take them into its confidence. I am not going to support that kind of government by secrecy. There is little I can do about it, because my lips are sealed, as a member of the Foreign Relations Committee, by the "top secret" label. I do not propose to engage in any improper course of action. Let Senators take a look at the millions of dollars that it is proposed to give to countries which ought to be told, "Your Santa Claus period is over. It is not going to be Christmas for you 365 days a year any more, with Uncle Sam putting on the attire of Santa Claus. You must stop it."

All my present amendment proposes to do is to make a cut of \$50 million. That is long overdue. I hope that the Senate will adopt the amendment. None of the reasons given justifies our giving supporting assistance. That is why I invite Senators to inspect the list I have prepared of major recipients of aid around the borders of the Communist bloc, which shows how much supporting assistance they are scheduled to receive in fiscal 1964. The figures show a total far under the \$350 million I am proposing. One of the arguments of the State Department is, "We must give this supporting assistance to countries on the periphery of the Communist bloc." The total indicates that many countries which are not on the periphery of the Communist bloc are to receive millions of dollars of support assistance. That is why I say that the figures show a total far under the \$350 million that I am proposing in my amendment so far as countries on the periphery of the Communist bloc are concerned.

Even so, the supporting assistance to many countries should be drastically cut,

even if they are on the periphery of the Communist bloc. Supporting assistance to nations in Latin America, which are not included on the chart, should probably be eliminated altogether.

We have agreed to a \$10 billion Alliance for Progress program for the next 10 years for Latin America. We have entered into two agreements with Latin American countries, the Act of Bogotá and the Act of Punta del Este. They are signed agreements, in which commitments were made by our Latin American friends that they would submit plans, which were to be submitted in advance of approval for Alliance for Progress funds. Such plans would outline the program of economic reform and other reforms essential in those countries if there is to be any hope of their becoming stable economies.

Only eight countries have submitted plans, and many of those plans need drastic revision, because the mere submission of a plan which is not sound and feasible does not entitle the particular country to Alliance for Progress funds. However, certain countries have circumvented the Acts of Bogotá and Punta del Este by obtaining funds from other sources.

A major source is supporting assistance funds. We are not going to make the Alliance for Progress program work if we are to give these countries an escape hatch which they can use to walk out on their obligations under the Alliance for Progress program.

Brazil and Argentina are two notorious examples. That is why I say that for Latin American countries supporting assistance money should be cut off entirely, and we should say to them, "Keep the commitments you have made in exchange for our proffer to cooperate with you in the Alliance for Progress program."

When we permit Latin American countries to obtain money from the supporting assistance program, we are a party to defeating the Alliance for Progress program.

I put into the Record yesterday the article written by Tad Szulc of the New York Times at São Paulo, Brazil, showing the stagnation in the economies of one Latin American country after another, and pointing out that, instead of the situation improving, it is growing worse. We do not have enough money in this country. We could pour all the wealth of the United States into Latin America and it would all go into a sink-hole, and not stabilize those countries. The leaders of those countries and the people of those countries must be willing to reform their economic and political systems.

The President can say all he wants to say in New York City about the rich helping the poor. Having only 6 percent of the world's population, the United States cannot solve the problems of poverty throughout the world.

Furthermore, we had better take a look at some of our own domestic needs. The President makes a nice sounding, plausible, emotional argument when he talks about this program being a moral issue. Some basic moral issues are involved in the fight over the foreign aid

bill. One of them is that it is about time this Government started treating the American taxpayers fairly and stopped sinking millions of American taxpayers' dollars into sinkholes on the basis of some political slogan to the effect that the rich must help the poor.

When countries in which millions of poverty-stricken people live are willing to reform themselves, we will then go in on the basis of sound economic projects and be of assistance to them. But the rich of Brazil, the rich of the Argentine, the rich of Ecuador, and the rich of every other Latin American country must stop making huge profits out of the American foreign aid program in Latin America, and depositing such profits in New York and Swiss banks, while American taxpayers, through their Government, through their support of the assistance program, and through the Presidential contingency fund, pour millions upon millions more of American taxpayer dollars into Latin America.

I yield to no other Senator in my capacity as chairman of the Subcommittee on American Republics Affairs, in my desire to make the Alliance for Progress work. Together with many others, I worked hard to help bring the program into being in the first place. But some of the fiscal policies being followed by our Government may defeat the Alliance for Progress, and this is one of them. We cannot justify a dollar of supporting assistance to Brazil, Argentina, or Ecuador, so long as those countries' governments take the position, which they have taken to date, of not fulfilling their commitments under the Alliance for Progress.

Yesterday the United States was the subject of an insulting speech by the President of Brazil, who raised the question as to whether American aid is really of any value to Brazil. That is gratitude. How long shall we take it? How long will this administration take it? How many more millions of dollars will the President, through his contingency fund, pour into Latin America? I have tried to give the Senate an opportunity to check it. I gave it that opportunity last night. I shall figure out other parliamentary ways of giving the Senate another opportunity before the debate is concluded, for that hole must be plugged.

The Senate cannot justify allowing millions of dollars of supporting assistance funds be spent in this manner. Funds spent this way defeat some of the most precious objectives of the American foreign policy. One of them is the objective of a workable Alliance for Progress. That is why I have said in this speech that, in my judgment, all supporting assistance to Latin America probably should be stopped, and the Latin American countries told that we have a program to help them, the Alliance for Progress, but that, of course, it creates obligations upon them to do something to help themselves. They must reform the system that has brought them into the stagnation that Tad Szulc reported in the previously mentioned article.

The main reason why the Latin American economy is stagnate is that our Latin American friends, in country after

country, are refusing to adopt the economic changes that are essential if they are to have a stable, growing, expanding economy, instead of a stagnating, degenerating one.

Ever since the closing years of the Eisenhower administration, we have been told that American foreign aid is now more than 60 percent loan and less than 40 percent grant. That figure relates only to economic aid; if it took into account military aid, which is all grant, the percentages would be reversed. The statistics of the State Department are inaccurate, in the sense that what they include as loans do not meet the definition of loans in the terminology of the American taxpayer. A loan at three-fourths percent interest, with from 40 to 50 years to pay and a 10-year grace period in which not a cent has to be paid, is not a loan.

Furthermore, I ask Senators to put it down in their memory, for future recollection, that the largest percentage of those loans will never be repaid. It will be only a few years until speeches will be made on the floor of the Senate urging the forgiveness of those loans because the countries have not made a move to repay them. It will be argued that we must not play the part of Shylock. It will be argued that the failure to repay is creating friction, misunderstanding, and problems; and that therefore, in our great generosity, we ought to forgive those loans. That is the way this game is played.

It is time to write a new rulebook for the State Department, and to say, "You must play from now on in accordance with the rules of this rulebook. You will no longer have the opportunity to filch from and milk the taxpayers of this country in a program that is so economically unsound as the program involving, for example, supporting assistance."

Mr. DOMINICK. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield to the Senator from Colorado.

Mr. DOMINICK. In connection with the Senator's point as to whether loans will be repaid, an interesting table appears on page 712 of the hearings, to which I referred yesterday. As to the repayment of loans, the table shows that for Alliance for Progress loans, which have been in effect for only a few years, \$13,858,789.97 has been disbursed. Under the heading "unrepaid balance," the identical amount is shown. There has not been a single instance of repayment of such a loan.

Secondly, as to the overall loan disbursements, the table shows that we have disbursed over a long period of years \$6,517,974,743.06, while \$5,728,534,659.28 is still owed to us. In other words, about 90 percent of the total amount that has been loaned in the program through the years is still owed to us.

Mr. MORSE. It is my opinion that at least 50 percent of the money will never be repaid under this kind of unsound fiscal policy.

Mr. DOMINICK. I agree.

Mr. MORSE. To devise a loan program that is actually a loan program,

we should say to the borrower, "These are the terms and conditions on which the loan will be made. You will have to undertake certain obligations to obtain the loan. You will have to pay an interest rate that will cover the cost of the use of the money to the American taxpayers. You will pay for the service rendered."

Then the borrowers will pay some attention to their investment of that money, and will put it into economic projects which will do economic good for the mass of the people. They will be projects which will pay out. That is what I call exporting economic freedom, and that is what we should be exporting, because until there are established in those countries systems of economic freedom based upon sound fiscal policies, the people of those countries never will be saved from poverty and degeneration.

It is interesting to note that the Foreign Relations Committee in its unsigned report made a good many criticisms similar to mine, but the committee "passed the buck" to the administration; the committee slapped the administration on the wrist, and said, "Next year, bring us a program which will take into account some of these criticisms." But the committee cannot "pass the buck" insofar as its responsibility to the American people is concerned, for if all the things the committee has said all along are wrong with the program are wrong with it—and there are also many other things about it that are wrong—the committee had an obligation in writing the bill to proceed to correct all the wrongs it knew about in the program. If the committee had done that, we would not have had to turn the Senate into a Committee of the Whole to proceed to rewrite the bill paragraph by paragraph, section by section. But the committee gave us no alternative, if the opponents to the bill are to carry out our commitments to our constituents.

It matters not to me how inconvenient that process may be to certain Senators. They were elected to serve in this body, and they should adjust their convenience to their job.

I have done my best to try to reach a fair negotiated settlement of our differences, and it still is possible to do so. But until such a settlement is reached, I shall continue to offer amendment after amendment and, with each amendment, to make a record for future reference as to what is wrong with the parts of the program to which my amendments are addressed.

When the administration claims that the foreign aid bill is now 60 percent loans and less than 40 percent grants, I point out that those statistics are "phony." In the first place, they deal only with the economic side; in the second place, they do not tell the true story about the nature of the loans, which in effect are in large measure grants concealed by a veil of semantics; but if we take a long look, we can see through the veil. Thus it is that I say that if the administration's own statistics took into account military aid, which is grant money, the percentages would be reversed.

Moreover, the economic aid program itself has remained rather stationary at the proportion of roughly 65 percent loan to 35 percent grant. That proportion should become one of 90 percent loan and 10 percent grant for economic aid. Supporting assistance is the major roadblock to attainment of that objective. It bears no relationship to any given project or program. It is extended, not on the basis of the sound financial undertakings of the recipient, but on a political basis.

The \$400 million proposed by the Foreign Relations Committee for this category of aid is only \$35 million less than the amount carried in the original bill. If Congress is going to steer the administration down the path of true and meaningful reform in foreign aid, we must reduce further this huge source of nonproject grant money, as provided in my amendment. We can do it by reducing supporting assistance to \$350 million, as provided in the amendment.

Congress has tried over the years to reduce this category of aid. Our effort has not been notable for the cooperation it has received from the executive branch, which is another reason for my loss of faith in the ability of the executive branch to recast its anachronistic foreign aid structure.

My colleagues know that we on the Foreign Relations Committee have made many attempts to compel the executive branch to recast the foreign aid program into a manageable one, with specific goals and objectives. We have tried to promote an examination of a basic philosophical premises about foreign aid, and, indeed, to find out whether such fundamental tenets actually exist. Prominent among such efforts has been the "Mansfield amendment."

Mr. President, before I discuss the Mansfield amendment, I note the presence in the Chamber of the Senator from Ohio [Mr. LAUSCHE], a member of the Foreign Relations Committee. I am perfectly willing to submit him as a witness to the statement I now make, and then let him deny it if it is not true. Again this year in the committee discussion in regard to supporting assistance, which goes into supporting the military forces of a good many other countries, it was alleged that they are not able to support by themselves military forces of the size we seek to have them maintain, and there was discussion about countries such as South Korea. In the course of that discussion, several Senators expressed perplexity and a lack of understanding as to why we should continue to pour so much money into South Korea, and they asked whether that was one place where some money could be saved. Mr. President, my amendment would do that to the extent of at least giving the administration an opportunity to cut back our supporting assistance in Korea.

Taiwan is another example.

The American people are maintaining there the army of Chiang Kai-shek; and, as I have said before in this debate, Chiang Kai-shek maintains more generals than the total number of generals in the entire U.S. Military Establishment—

and at high salaries, too; and the American taxpayers are paying the bill. But if anyone believes Chiang Kai-shek's army is worth a tinker's dam to the United States, in connection with the defense of the Pacific, I point out that that is far from the fact. If an attempt ever were made to land that army on the mainland of China, I am of the opinion—on the basis of many reports I have ever seen in regard to the military efficiency or lack of efficiency of that army—that it would trample itself to death in the process of retreat.

I repeat that neither Taiwan nor South Korea is of support to the American defenses in the Pacific. The support of American defenses in the Pacific depends upon thousands of American troops who are stationed throughout the Pacific area, on the 7th Fleet, and in the U.S. Air Force.

Mr. President, we are spending too much money in South Korea, in Taiwan, and elsewhere in that area, in supporting assistance; and I am asking that it be cut back \$50 million.

Mr. LAUSCHE. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. In the Foreign Relations Committee the subject of the amount of money which should be allocated for supporting assistance was discussed, and it was stated that probably a cut could be made.

I submitted written questions to Secretary McNamara in an endeavor to find out how many troops were in the Armies of Vietnam, Thailand, the Republic of China, Korea, Greece, Turkey, Iran, and Pakistan. I desired to know how many troops might be available in those foreign countries if we became involved in trouble. If Senators will look at page 217 of the hearings before the Committee on Foreign Relations of the Senate during June and July of 1963, they will find the answers to the several questions which I asked. The answer to the particular question which I have described was as follows:

Answer. The total number of troops maintained by the 8 nations mentioned is 2,793,623.

My recollection is that the answer also identified the number in each of those nations, but the number was deleted because supposedly the information was classified.

I then asked how much it cost to maintain a military man in the U.S. Army and how much it cost in the respective countries identified on page 218 of the hearings. Senators will note that in 1962 it cost \$3,948 to maintain a man in the U.S. Army, not including paraphernalia and equipment. The cost in the other countries is listed. In Belgium the cost is \$1,571, Denmark \$2,107, France \$1,966, Germany \$1,689, and Italy \$878.

I shall not mention each nation individually, but the cost to maintain a military man in Korea is \$247; in the Republic of China—Taiwan—\$177. I desired that information for the purpose of determining whether financially we were not better off by having those nations provide military men at less cost

than the cost to the United States of providing military men from among its citizens.

In round figures, for every military man that we in the United States can provide at a cost of \$3,948, the Republic of China can provide 23 military men, because the cost of maintaining a military man in Taiwan is only \$177 per man. The Republic of Korea can provide about 15 men for every 1 that we provide.

I am not making an argument one way or the other. I am merely stating the figures. I could not wait until the Senator from Oregon had concluded his questions. I submitted written questions. I feel that the questions and answers are deserving of reading and study.

I have the following issue to decide in my own mind: Would we profit by reducing the number of Korean military men and the number of military men in Taiwan, with the probable consequence that we would have to increase the number of our own military men? I should like to hear what the Senator from Oregon has to say on that question.

Mr. MORSE. I am delighted to reply. What the Senator has stated is typical Pentagon fallacious propaganda. Its major premise is erroneous. Its major premise is that maintaining a Chinese Army in the large number Chiang has on Taiwan is some help to the defense of the United States.

Mr. LAUSCHE. That is the argument made.

Mr. MORSE. It is not a valid argument. If there is to be an invasion of Formosa, the Senator from Ohio knows what would stop it. It would not be Chiang's army. It would be the American 7th Fleet and the American air armada.

What the Senator has been told is merely a house of cards that McNamara has built up in order to justify pouring out wasteful support assistance.

Let us consider South Korea. Does the Senator know what ought to be done with most of the members of the army in South Korea? We ought to be put them to work building roads. We ought to put them to work on irrigation projects. We ought to put them to work in civilian jobs, because South Korea will not be defended by that army. South Korea should have an army, but its size should be greatly reduced to the point at which the economy of the country could support it. South Korea knows that if Red China should make a move toward South Korea, again we shall go into action with the 7th Fleet. We will not be wasting the lives of free American boys on the basis of thinking that we can win a conventional war against the Red Chinese with South Korea's army.

(At this point Mr. INOUE took the chair as Presiding Officer.)

Mr. MORSE. We know that we could not whip them in that manner. We could greatly reduce their numbers. The argument is made by the Pentagon that we could go around the periphery of the Communist bloc and maintain the native armies for less money than we can maintain the American army.

The point is that we would not have to substitute an equal number of American boys for that army, because we would not be fighting that kind of war if we had to fight a war over there.

We ought to be demobilizing a great many of the soldiers in those indigenous populations and putting them to work rehabilitating the country, serving clear notice that we would not weaken their defenses and would not encourage any invasion of Formosa. The Red Chinese know the 7th Fleet and the air armada are present. The Red Chinese have heard the announcement of the United States, for it is known to all the Communist world, "You make an attack on an ally of freedom and you have had it." That is the only check we have against war, and not Chiang Kai-shek's overaged army.

Has the Senator seen the statistics on the military efficiency of the South Korean Army? They could be whipped with Boy Scout troops.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. The record shows also that our Government has been insisting upon the utilization of the troops in those countries in the very projects that the Senator from Oregon has recommended. I agree with him entirely.

Mr. MORSE. To a minutia degree they pay lip service to the program. They say, "We have this little project going. We have that little project going." What they ought to have is an overall program of putting the armies to work on a civilian basis in keeping with the great record of the U.S. Army Corps of Engineers.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. I should like to have printed in the RECORD a transcription of the questions which I asked and the answers given. They appear on pages 217, 218, and 219 of the hearings before the Committee on Foreign Relations on the bill, S. 1276, in June and July 1963.

Mr. MORSE. I am delighted to have them in the RECORD.

Mr. LAUSCHE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD the portion of the hearings to which I have referred.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

The CHAIRMAN. I wish to submit, Mr. Secretary, or to your aid, some written questions that Senator LAUSCHE asked me to submit to you. He had to go to another meeting.

Secretary McNAMARA. Surely. I will be very pleased to answer them, Mr. Chairman.

The CHAIRMAN. Please answer them in writing. Senator LAUSCHE had to attend the Committee on Interstate and Foreign Commerce this morning.

QUESTIONS AND ANSWERS ON MILITARY ASSISTANCE PROGRAM

The following questions were submitted in writing by Senator LAUSCHE with answers to be provided as inserts for the record:

Question. It is my understanding that over 60 percent of the total military assistance program will be allocated to eight key countries in south Asia, the Far East, and

the Near East. They are Vietnam, Thailand, the Republic of China, Korea, Greece, Turkey, Iran, and Pakistan. Is that correct?

Answer. That is correct; 62 percent to be exact.

Question. Can you supply for the record, if such information is not classified, the respective number of troops that are maintained by these eight nations?

Answer. The total number of troops maintained by the eight nations mentioned is 2,793,623.

[Deleted.]

Question. What is the present cost per year of maintaining each military man in the field in the United States?

(See table below.)

ANNUAL PER CAPITA MILITARY PERSONNEL COSTS

Cost estimates for countries receiving military assistance shown below are confined to pay, allowances, subsistence and individual clothing. They do not include operation and maintenance expenditures, as no meaningful comparisons could be made due to differing weapons systems and technologies.

For comparative purposes, figures are included for 1961. Principal reasons for changes, where available, are indicated. Changes are primarily due to either new exchange rates, increased pay and allowances, or the proportion of personnel in the lower pay grades.

Cost to maintain a soldier

	1961	1962	Net change 1962 versus 1961	Remarks
United States.....	\$4,014	\$3,948	-\$66	
Belgium.....	1,571	1,571	0	
Denmark.....	1,650	2,107	+457	Increase due mainly to higher pay and bonuses.
France.....	1,788	1,906	+118	Increase due to higher pay and allowances.
Germany.....	1,689	1,689	0	
Italy.....	960	878	-82	
Luxembourg.....	1,456	1,456	0	
Netherlands.....	832	771	-61	
Norway.....	1,706	1,985	+279	Increases in all services.
Portugal.....	435	837	+402	Increase due to higher pay and allowances.
Spain.....	466	522	+56	Do.
United Kingdom.....	2,332	2,495	+163	Increase due to higher pay and reduced numbers in lower grades.
Ethiopia.....	375	483	+108	Increase due to increase in number of students attending schools CONUS and promotions in higher ranks.
Greece.....	385	389	+4	
Iran.....	501	564	+63	Increase due to greater number of junior officers and increase in Government retirement contribution.
Libya.....		670		
Pakistan.....	437	438	+1	
Turkey.....	404	427	+23	Increase due to higher pay and allowances.
Korea.....	219	247	+28	Different exchange rate and small pay increases for noncommissioned officers.
Cambodia.....	820	842	+22	Increase due to promotions, longevity, and a slight strength increase.
Thailand.....	406	417	+11	
Vietnam.....	1,049	651	-398	Decrease due to more realistic exchange rate.
Republic of China.....	174	177	+3	
Philippines.....	742	527	-215	Decrease due to decontrol of peso.
Japan.....	818	850	+32	

Question. It is my understanding that it is your belief that the military assistance program should be continued because in addition to other advantages to the United States, the program insures "our continuing access to overseas bases and installations which are still essential to full deployment of our military strength." If we must still have continuing access to overseas bases and installations, why did we after last October 22 give up the Turkish base?

Answer. Recent actions involving replacement of Jupiter missile squadrons in Turkey (and Italy) did not result in any significant change in existing U.S. base rights. Thus, access to overseas bases and facilities required to support U.S. overseas deployments was not affected by the Jupiter replacement action.

Utilization of overseas bases and facilities by the United States and allied forces is subject to almost constant change as new weapons systems enter the operational inventories of these forces and as the overall strategic situation varies. One such change, involving modernization of NATO forces, was replacement of the Jupiter missiles. These missiles, originally provided under the military assistance program, were replaced by U.S. manned Polaris submarines. The submarines are now operating in the Mediterranean and are assigned to SACEUR, as were the Jupiter squadrons they replaced.

Replacement of Jupiter missiles was initially taken under consideration in 1961,

primarily as a result of a report by the Joint Congressional Committee on Atomic Energy, entitled "The Study of U.S. and NATO Nuclear Weapons Arrangements," dated February 11, 1961. Secretary McNAMARA testified at length on this report, and subsequent actions relative to Jupiter missiles, in February and March of this year before the Senate Committee on Armed Forces. Appropriate passages of this testimony appear in the published record of hearings on military procurement authorizations, fiscal year 1964 (pp. 7, 8, 147, 312, 313, 314, 349, and 350).

Question. What direct payment do we make respectively to Spain and Portugal for the bases which we have there?

Answer. We do not make any direct payment, in the sense of rental, to Spain for the bases jointly used with the Spanish. We have provided military and economic assistance to Spain in accordance with bilateral military assistance and economic assistance agreements.

We do not make any direct payment, in the sense of rental, to Portugal for our use of the base facilities in the Azores. We have provided military assistance to Portugal in accordance with a bilateral military assistance agreement.

Question. It is my understanding that in addition to the direct payments for the right to have the bases, we grant other military and economic aid?

Answer. As mentioned in the answer to the previous question, we do not make any direct payments, in the sense of rental, to either Spain or Portugal.

In the 1953 defense agreement between the United States and Spain, the United States agreed to support Spanish defense efforts for agreed purposes by providing military end-item assistance to Spain during a period of several years to contribute to the effective air defense of Spain and to improve the equipment of its military and naval forces.

In the same agreement, Spain authorized the United States to develop, maintain, and utilize for military purposes, jointly with the Government of Spain, such areas and facilities in territory under Spanish jurisdiction as may be agreed upon.

[Deleted.]

Since 1953 the United States has provided Spain a total of approximately \$500 million in military assistance and a total of \$1.4 billion economic aid in the form of defense support, technical assistance, Public Law 480, and Export-Import Bank and development loan funds.

In the 1951 Defense Agreement on the use of facilities in the Azores, as specified by the Defense Agreement of 1957, Portugal granted the United States certain rights in the Azores. We also have a Mutual Defense Assistance Agreement with Portugal. Since 1950 Portugal has received \$328 million in military assistance to assist in maintaining forces to meet NATO commitments. Portugal has not requested or received any U.S. economic assistance since fiscal year 1951, except surplus agricultural products under Public Law 180.

[Deleted.]

Mr. LAUSCHE. Finally, I feel a bit of comfort in the knowledge that in those countries there are 2.8 million men in military uniform. I cannot vouch for their efficiency, but I feel much better to know that they are there than I would feel if I knew they were not there.

Mr. MORSE. I would have them working for the rehabilitation of the economies of their countries, rather than sitting around in Army uniforms on American payrolls. I am satisfied that they would not be of any effective assistance in time of war.

Mr. President, the statistics deal with the amount of money required to maintain some of the foreign soldiers in Taiwan, South Korea, and elsewhere. In addition to the arguments that I have already made against supplying supporting assistance, I stress the point that those countries cannot support such armaments. Their economies will not support them. We are supporting them. It is better for the defense of the United States and of those countries that they support armaments only large enough to be supported by their own economies, and that we help them build up their economies so that they in turn can build up their defenses. We should make loans to them for economic projects.

By maintaining these arms with supporting assistance we are putting their whole economy on the American dole. It is degenerating and dissipating, and it has not encouraged them to build themselves up, but, rather, as a type of international beggar, really, made them rely upon us. Furthermore, I point out that in time of war they would be of little help to us, because in addition to our own war effort, we would have to

maintain them completely, by an additional war subsidy to them. That might turn out to be a real disadvantage to the United States. It is much better to have them maintain the arms that their economy will support and have us, under a foreign aid program, come to their assistance in the economic field, to help strengthen their economy, so that their economy will expand, and in that way put them in a better position to protect themselves.

Mr. President, I shall now discuss the Mansfield amendment of several years ago, because the subject matter covered in the amendment has been under discussion in the Foreign Relations Committee for a number of years.

In 1959 the distinguished senior Senator from Montana took the fine initiative of securing the acceptance of section 503(c) in the Mutual Security Act of 1954, as amended. This section directed the executive branch to present concrete plans for reducing and terminating bilateral grants of economic aid in the defense support and special assistance categories.

For those who have lost their way in our decade-long game of semantics, I should note that these categories have since joined together under the title of supporting assistance; when the latter is combined with military aid the two are entitled strategic assistance.

The greatest phrasemakers imaginable are in the State Department and the Pentagon. To a greater extent than any other group I have ever met, they can coin new phrases to disguise meaning and conceal programs not in the public interest.

Now just where do we stand, 4 years after the notable initiative of our respected majority leader? I fear the answer is: In pretty much the same old place.

CHANGES SINCE 1960

Both reports delivered in response to section 503(c) are depressing reading, and I shall spare my colleagues the pain and boredom of having to hear lengthy quotations from the unclassified version. Suffice it to say that much of the latter is devoted to a pedestrian defense of grant aid—although the Mansfield amendment contemplated no such evasion in directing that a specific plan be made for ending that aid in recipient countries. That is what the Senator from Montana was after, an ending of it, not a reshuffling and a continuation of it under a new semantic label of "supporting assistance."

Thus we read, for example, that:

Against this background, the overall purposes of the defense support and special assistance programs are sound. . . . To reduce or end the requirements for grant aid by altering or abandoning the goals of such aid is a conceivable but not an acceptable approach.

In other words, it is all right for the Congress to have conceptions, but the executive branch in its majesty and wisdom does not have to pay particular attention to them.

The mistake we made in the Mansfield amendment was putting in the words "insofar as practicable" when we asked

that specific plans be worked out for ending supporting grants.

In a blaze of honesty, the unclassified report of 1960 revealed that AID had no real intention of eliminating the defense support aid to the five countries which received about 75 percent of that aid in 1960. It comes as something of a shock, therefore, to discover that two of the five are not receiving supporting assistance today. But there are many other categories of assistance, and our two friends together are scheduled to receive a total approaching half a billion dollars in the coming fiscal year, not including the Public Law 480 program.

After virtually excluding 75 percent of the economic grant program from serious consideration, the executive branch report of 1960 grudgingly saw a possibility of ending grant aid over a 5-year period in 10 countries receiving something over half the remaining 25 percent. Here there has been some progress: Nine were on the list for this aid in fiscal 1962; this year only four are getting these grants. I think there is some reason gratefully to ascribe this progress to the change of administrations downtown.

Next, we turn to the list of eight countries which the executive branch considered as being subject to reductions. We find that five of the eight are still firmly entrenched in the supporting assistance category. In short, we were not promised much in 1960, and we have not gotten much reduction today.

The executive branch scarcely bothered to think about specific reductions in small grant programs. Despite its unwillingness to contemplate change, changes did occur, and six of nine listed areas are not now on the supporting assistance list. On the other hand, new candidates have appeared to vitiate the meaning of this development. Indeed, the executive branch unclassified report forecast this in noting:

Moreover, new needs for grant aid are likely to arise. The grant method of economic assistance . . . has been an essential instrument of foreign policy and, in an uncertain world, promises to remain so.

We were thus told that foreign aid administrators expect to give grant aid as long as the world situation remains uncertain. Under such circumstances, the American taxpayer might start looking to the Almighty for relief, since he would be unlikely to get it on this earth.

I do not want to minimize the importance of the Mansfield amendment. Without it I daresay we would have made no progress at all. And we have made some small progress.

On the face of it, we seem to have reduced the total of that assistance quite substantially. In fiscal year 1960, the actual appropriations for defense support and special assistance totaled \$940 million. In contrast, the appropriation for supporting assistance in fiscal year 1963 amounted to \$395 million. That looks like real, if slow, progress.

CONGRESS MUST GO FURTHER

But stop a moment and consider the end result. By the time the executive branch completed its normal mystifications—including recoveries, carryovers, transfers, and uses of contingency

funds—the total for supporting assistance in fiscal year 1963 had risen to roughly \$550 million. Moreover, the request for this supporting assistance category for the forthcoming fiscal year has gone up to \$435 million. The bookkeepers give and they take away in a dazzling display of paperwork.

The central question is where we are heading, and my answer is that we do not really know. To the degree that supporting assistance has declined in amounts, we have turned to the categories of development grants and loans. The latter category appears to fulfill the desire of the Congress and the American people for a program of recoverable loans. Yet all indications are that the loans in time will turn out to be grants. Meanwhile, the token interest charges—almost uniformly less than the cost of the money to us—do little to satisfy my concern over the direction the program is taking.

Mr. President, I frankly doubt that the present means of distinguishing categories in the foreign aid bill amount to very much at all. The bill reminds me of a half-inflated balloon: We squeeze one spot and another bulge appears. The time has come to apply the needle to the balloon, to collapse it, and to build a better structure with better materials.

Our experience with foreign aid makes it overwhelmingly clear that the executive branch bureaucrats will always perform marvels in evading the intent of Congress so long as they are given any latitude whatsoever. Four years have passed since the Mansfield amendment, and we still find ourselves being asked to authorize close to half a billion dollars of a kind of aid we had every right to believe would have disappeared by now. The time has come for the Congress to flex its flabby muscles and create the kind of program it believes the President should carry out.

A further reduction in this category of grant money is a necessary element in such a program.

So I close my argument on my amendment, subject to later rebuttal, by announcing again that I have modified my amendment. Lines one and two have been stricken, which dealt with development grants. This amendment is limited to support assistance alone. I ask that it be reduced from \$400 to \$350 million—a \$50 million reduction. In my judgment, it is a small one indeed in comparison with what we really could be justified in reducing it to.

I renew my suggestion to this administration, through its spokesmen in the Senate, that it ought to take a long look at the opportunity which it now has, and suggest that the \$40 million reduction be added to the cut already made, which is \$460 million. That will be a total of \$500 million. It would greatly expedite the handling of the bill in connection with the money-cut amendments.

I yield the floor.

MEDICAL CARE FOR THE AGED

Mr. JAVITS. Mr. President, I have the great privilege of announcing to the Senate a report which I think will bring to the fore once again to the Nation the need for a health care bill for the aged.

Today we have witnessed a most extraordinary and constructive development. A task force which was formed on the basis of a suggestion which I made after the Anderson-Javits bill was defeated in this Chamber by a vote of 48 to 52 has been functioning in this field for a year.

Arthur Flemming, former Secretary of Health, Education, and Welfare, became chairman of the task force, which was named the National Committee on Health Care of the Aged. The other members of the committee are among the most distinguished members of medical profession, hospitals, Blue Cross, insurance, and business authorities in the country concerned with the problem of medical care for the aged. Also included is Marion Folsom, a former Secretary of Health, Education, and Welfare.

Not only has the task force a distinguished membership, but it was given aid in a very material way for its legal drafting by Henry Foster, one of the professors of New York University Law School. Assistance was also furnished by a medical economist, Howard Bost, who is assistant vice president of the University of Kentucky as its study director.

The committee issued its report this morning. This report is the rock upon which a successful measure for health care for the aging can be built.

Many of the aspects of the committee's report follow the provisions which the Senator from New Mexico [Mr. ANDERSON] and I had the honor to establish in our bill, but the departures are significant and of the greatest moment, and lend themselves to implementing legislation of a character and quality which I think will make the difference between success and failure.

This morning the task force reported that there is need for a basic Federal law based upon social security financing which would give fundamental hospital and nursing home care to those over 65. That will include all persons over 65, whether or not they are social security beneficiaries. However, once that is done, once that basis is laid, the report recommends a tremendous program of insurance for the risks of health care above the basic minimum hospital and nursing home care. It is estimated that hospital care cost is about one-third of the total of the annual medical bill; that one-third is attributable to physicians, surgery and similar emergency care; and that the other one-third if made up of numerous other, but generally less urgent, types of medical care.

This proposal deals with two-thirds of the medical care needed, one-third being hospital and nursing home care and the other one-third being emergency health and surgical services; the first third to be on a Government plan based on social security financing, the second third to be covered by private insurance, but on a nonprofit, tax-exempt pooled basis, very much like the plan now being so successfully carried out in Connecticut and New York, which is known as the 65 extended health insurance program.

There is no desire or design on the part of the task force to invalidate the

Kerr-Mills law. They are perfectly content to have Kerr-Mills. It has a place, but that place is in a welfare program for welfare clients. It is not insurance and it does not in any way perform the service which needs to be rendered for the rank and file of older people who are covered by the terms of this report.

I hope Members of the Senate will read the committee's report with the greatest care.

I ask unanimous consent to have printed in the RECORD a press release which covers the particular report. The report itself is quite extensive, consisting of 79 typewritten pages. Copies may be obtained upon application to me or to Winslow Carlton, of New York, who has functioned as a member as well as secretary of the task force.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

NEW FORMS OF PUBLIC-PRIVATE HEALTH INSURANCE FOR THE AGED PROPOSED IN POLICY STATEMENT ISSUED BY NATIONAL COMMITTEE ON HEALTH CARE OF THE AGED—MAJOR ROLE SEEN FOR PRIVATE INSURANCE

WASHINGTON, November 13.—A major policy statement on financing health care of the aged through governmental and private insurance plans was issued here today by the National Committee on Health Care of the Aged.

The committee is an ad hoc group of leaders from medicine, education, industry, and insurance. The report of its work, entitled "Financing Health Care of the Aged—Guiding Principles for a National Program of Complementary Public and Private Action," is intended to help shape public policy on what has become the perennial domestic issue of the decade.

The report's basic thesis is that the health needs of the aged can be financed best through complementary but separate Government and private insurance plans. The proposed Government plan would be limited to covering the costs of hospitalization and skilled nursing home care under an insurance plan financed independently by an increase in the social security tax. The aged population, relieved of the burden of major hospital bills, would then be better enabled to purchase private insurance policies for other large medical expenses. The committee advocates congressional action that would permit private insurance organizations to develop tax-free, low-cost special insurance plans to complement the publicly financed coverage. Legislation would be required to allow private insurers to join in concerted efforts for selling and risk pooling, and certain advantages would accrue to plans that meet regulatory standards.

Citing the abnormal health care burden of the aged as a group, caused by greater usage and higher costs of services while receiving lower incomes, the committee urges a shift in emphasis in Government action from relief measures to social insurance. The committee sees insurance as a key measure to prevent dependency and points out that current public assistance programs are designed to deal with dependency after it occurs rather than preventing loss of independence due to illness.

MEMBERS OF THE COMMITTEE

Officers of the National Committee on Health Care of the Aged are Arthur S. Flemming, its chairman, the University of Oregon president who served as Secretary of Health, Education, and Welfare during the Eisenhower Administration; Russell A. Nelson, M.D., vice chairman, who is also director of

Johns Hopkins Hospital; and Winslow Carlton, its secretary, who is chairman of the board of Group Health Insurance, Inc., of New York. The members of the committee are James P. Dixon, M.D., president of Antioch College; Marion B. Folsom, also a former HEW Secretary and currently a director of the Eastman-Kodak Corp.; Russel V. Lee, M.D., director of the Palo Alto Clinic; John C. Leslie, chairman of the Committee on Aging, Community Service Society; Vernon W. Lippard, M.D., dean of the Yale Medical School; Dickinson W. Richards, M.D., nobel laureate in medicine from Columbia University's College of Physicians and Surgeons; Thomas M. Tierney, director of Colorado Hospital Service (Blue Cross); Hubert W. Yount, former senior vice president of the Liberty Mutual Insurance Co., and Arthur Larson, director of World Rule of Law Center, Duke University, and former Under Secretary of Labor.

DETAILS OF PUBLIC INSURANCE PLAN

The public segment of the proposed dual insurance program would be limited to coverage of institutional services provided in hospitals or skilled nursing homes during the acute period of an illness, but would not pay for long-term or custodial care. Although the report was not explicit in describing the number of days the plan should cover, the committee indicated that the rough national average of 70 days of hospitalization insurance among the younger population would be desirable for the aged as well, in view of the report's stated goal of offsetting "substantially the abnormal burden that results from greater use and higher cost of services required in old age." Relatively short-term hospitalization is the most frequent major health expense of the aged, most of whom have severely reduced incomes. Worry over the "shock-loss" of such costs, which cause a sizable number of aged dependency cases, frequently prevents persons from seeking medical care until a sickness is very serious, usually resulting in longer, more expensive hospitalization. By having the Government plan cover the kinds of health care that most frequently result in concentrated expense, the committee would seek to break the circle of anxiety worsened sickness and encourage private financing of other medical costs, particularly physician care.

FINANCING THROUGH SOCIAL SECURITY

The report calls for the public insurance plan to be financed by an increase in the social security tax, with the increase deposited in a separate trust fund. The amount of the increase would depend on the scope of the plan's benefits and thus was not determined by the committee. Benefit payments under the plan would be limited to receipts from the additional tax, however, to keep the plan self-financed. The public plan would protect all persons aged 65 or over, irrespective of their financial condition, without further tax payments or means tests.

ADMINISTERING THE PUBLIC PLAN

The committee also recommends that legislation establishing the public plan place administration in the hands of the Secretary of HEW. The Secretary's responsibility would include authority to contract with existing voluntary agencies for provision of benefits or performance of administrative services.

In addition, the administration of the plan is intended to stimulate progressive improvements in the quality of medical care purchased. High quality standards would be established at the outset, with reasonable time allowed for currently substandard facilities to meet the program's standards.

CONGRESSIONAL ACTION FOR PRIVATE INSURANCE

In the committee's opinion, the Government insurance plan would pay for about

one-third of the total health care costs of the aged. An additional one-third, or an equal portion, should be financed by special private insurance plans, leaving the balance to be paid for independently, either through ordinary insurance or out of personal income or savings. The special private insurance coverage, designed to complement the public plan, is the subject of half of the committee's statement.

Calling for private insurance organizations to assume responsibility for protecting the aged against costs not covered by the public plan, the committee urges that Congress remove impediments to concerted action in the private sector. The statement advocates exemptions from State premium taxes and antitrust and anticompetitive laws for basic complementary policies meeting certain regulatory standards. In addition, it recommends official public endorsement of acceptable plans, including establishing a national symbol to identify them. The legislative action would result in mass enrollment opportunities because of large-scale pooling of risks and nationwide promotion, and in the lowest possible premium costs by allowing high-volume operations.

STANDARDS FOR PRIVATE INSURANCE PLANS

In the view of the committee, social security coverage of hospitalization (a major insurance risk of the aged) would make it possible for private insurance companies and nonprofit health plans to develop better insurance protection. Although any insurance organization could sell aged health care policies, the tax exemptions, and legal benefits would apply only to those that meet national minimum standards. Among the standards advocated by the committee are: open enrollment of all persons in their 66th year without restrictions or penalties because of condition of health; limited administrative costs; and nonprofit operation. The committee suggests that the "State 65" consortiums, now operating in a number of States, provide the precedent for such insurance, but that the recommended principles will extend the value of concerted effort and protect the participating insurance companies from the threat of adverse risk selection, a major problem of the "State 65" plans to date.

PROCEDURE FOR PRIVATE INSURANCE PLANS

The committee recommends that private insurance organizations propose plans for intended coverage to the Secretary of HEW and the National Advisory Council on Health Insurance for the Aged. If the proposals, in the view of the Secretary and the Council, provide a sound balance of health care for the aged when combined with the public plan, and if an approximately equal share of the total health care costs would be covered, then the proposed private insurance plan would be endorsed officially and allowed to operate under the special Federal legislation. The committee's opinion is that many private insurers would compete to develop bold new insurance policies, once the burden of hospitalization coverage has been removed.

INSURANCE ANNUITIES URGED

A distinguishing feature of the proposed private plan is the recommendation that the cost of private health insurance after retirement be prepaid as much as possible during working years. The committee suggests that prepayment could be accomplished through the purchase of health insurance annuities, which would be vested with the individual and would transfer during employment shifts. The annuities would be applied toward the purchase of private health insurance after age 65. The committee argues that such prefunding of private insurance during working years would bring the costs of protection within the ability of most people to pay. The statement also recommends increased continuation of group

insurance for retired members of employed groups and their dependents.

ADVISORY COUNCIL RECOMMENDED

Finally, the committee recommends forming a National Advisory Council on Health Insurance for the Aged. The Council would be charged with advising the Secretary of HEW on policy for the public plan and reporting through the President to Congress on the combined public-private program to solve the aged's health-care problems. In the public plan, the Council would respond to queries from the Secretary and issue recommendations to him at its own initiative.

NEED FOR PUBLIC ASSISTANCE REDUCED, BUT NOT ELIMINATED

The committee concedes that its principles for combined action, if carried out, would not eliminate the need for public assistance measures. By covering the major causes of dependency due to illness, however, the statement declares that the load on relief resources would be reduced substantially. The committee does not discuss the value of current assistance programs, beyond pointing out that some individuals will continue to need such assistance regardless of the success of its proposals.

COMMITTEE FORMED IN 1962

A bipartisan, nonpolitical task force, the National Committee on Health Care of the Aged, was formed at the suggestion of Senator JACOB K. JAVITS, of New York, following debate of the Anderson-Javits "medicare" bill in the Senate in July of 1962, in order to get a fresh and independent review of the issue. The committee is not responsible to Senator JAVITS, nor is he bound by its recommendations.

The committee's study director is Howard L. Bost, Ph. D., a medical economist who is assistant vice president of the University of Kentucky. Dr. Bost was previously a staff member of the Committee on Financing Hospital Care.

Prof. Henry Foster of New York University Law School served as legal consultant to the committee.

The committee's work was financed by private benefactors.

Mr. JAVITS. I also ask unanimous consent to include in the RECORD a statement hailing the work of this task force, issued by Nelson H. Cruikshank, director of the Department of Social Security of the AFL-CIO.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

COMMENTS BY NELSON H. CRUIKSHANK, DIRECTOR, DEPARTMENT OF SOCIAL SECURITY, AFL-CIO, ON THE REPORT OF THE NATIONAL COMMITTEE ON HEALTH FOR THE AGED

The report issued today by the National Committee on Health for the Aged has, in our opinion, made a real contribution to the public understanding of the problem of health care for the aged which is still very much with us. This committee, chaired by Dr. Arthur Flemming, formerly Secretary of Health, Education, and Welfare, and made up of distinguished citizens all of whom have expert knowledge in the field of medical care and methods of financing such care has obviously made a careful and thorough study of the problem and approached its solution with imagination and courage.

We in the AFL-CIO are pleased that the report recommends the social security method for the basic institutional health care. The report also indicates how social insurance and private insurance can complement each other in meeting the problems of financing health care for the aged.

The proposals made by this distinguished committee, which was originally organized

by Senator JAVITS, of New York, merit thorough study by all those interested in this vital problem. Its recommendations should certainly be included in the proposals to be examined in the hearings on the King-Anderson bill beginning next week in the Ways and Means Committee.

Mr. JAVITS. The thanks of the Nation should properly be given to the chairman and members of the National Committee on Health Care for the Aged, which was formed at my suggestion in September 1962, for their dedicated and most important work in developing and making public this report.

This report is the most significant development in the field of health care for the aged since July 1962, when the Senate turned down the Anderson-Javits bill by the vote to which I previously referred. The report should serve to put this issue once again in the forefront of national consideration, where it rightfully belongs.

From my preliminary review of this report, it seems to me to establish an excellent basis, in fact, for implementing legislation for health care for the aged. I shall study it further and invite our colleagues to join with me in the introduction of new legislation, and I shall also invite the prompt attention of the executive department and the appropriate congressional committees to this report.

It is my urgent hope that I may be able to join the Senator from New Mexico [Mr. ANDERSON], our colleagues on his side of the aisle, and colleagues on my side of the aisle, in sponsoring immediately the legislation which I am now engaged in drafting.

This report brings a Federal program of health care for the aged measurably closer to realization.

This issue, which seems to have been shoved off the boards, has been brought back to the front and center of the stage by the report.

For the information of Senators, I shall read into the RECORD the names of the distinguished gentlemen who gave of their time and attention to bring to the country a meaningful analysis of such a program:

Arthur S. Flemming, chairman, University of Oregon president, former Secretary of Health, Education, and Welfare.

Russell A. Nelson, medical doctor, vice chairman, director of Johns Hopkins Hospital.

Winslow Carlton, secretary, chairman of the board of Group Health Insurance, Inc., of New York.

The members of the committee are: James P. Dixon, medical doctor, president of Antioch College.

Marion B. Folsom, former HEW Secretary, and presently a director of the Eastman-Kodak Corp.

Russell V. Lee, medical doctor, director of the world-famed Palo Alto Clinic.

John C. Leslie, chairman of the Committee on Aging, Community Service Society.

Dr. Vernon W. Lippard, dean of the Yale Medical School.

Dr. Dickinson W. Richards, Nobel laureate in medicine from Columbia

University's College of Physicians and Surgeons.

Thomas M. Tierney, director of Colorado Hospital Service—Blue Cross.

Hubert W. Yount, former senior vice president of the Liberty Mutual Insurance Cos.

Arthur Larson, director of the World Rule of Law Center, Duke University, and former Under Secretary of Labor.

I extend the gratitude of many millions of Americans to these extraordinarily able and distinguished Americans who, I trust, will have measurably forwarded this historic proposal of providing adequate medical care for our aging citizens.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, on my amendment I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment No. 316, of the Senator from Oregon [Mr. MORSE] to the committee amendment in the nature of a substitute.

Mr. ELLENDER. Mr. President, I support the amendment of the Senator from Oregon. I earlier presented a similar amendment, No. 284, affecting supporting assistance, in which I sought to reduce the amount by \$75 million from \$400 to \$325 million. I do not know of any program in the entire bill that has been more abused than the so-called supporting assistance program, which at one time was known as the defense support program. Supporting assistance is really economic grant assistance pure and simple. The funds provided under the title of supporting assistance are supposed to be used to assist countries such as Korea and South Vietnam, which have to sustain large armies.

Last year, Congress appropriated \$395 million for this purpose, but the amount actually programed was \$548,969,000. This increase was possible because of augmentations from the contingency fund. As I stated in a previous speech in the Senate, the amount of money needed to make up the difference between the amount made available and \$548,969,000 came from the contingency fund. The Foreign Relations Committee justifies the \$400 million it provided for supporting assistance on page 21 of its report, which I quote:

Most of the supporting assistance funds are intended to strengthen the military-economic positions in Vietnam, Korea, and Thailand. The program in Vietnam is de-

signed to supply essential imports and to advance rural relief and development activities including the strategic hamlet program. Supporting assistance programs for Korea are intended to finance raw materials and capital goods imports which maintain current production and contribute to long-range economic development. In Thailand, the United States and Thai Governments have agreed to a 50-50 cost sharing project for strengthening internal security forces and improving both military and civilian mobility in the threatened northeastern part of the country.

Mr. President, the same reasons were advanced last year to justify supporting assistance, but what happened after Congress made funds available? Korea, was programed to receive \$125 million last year. But under the revised program, Korea received \$90 million. Vietnam was programed to receive \$140 million, but this amount was reduced to \$120 million under the revised program.

So in order to take care of these two countries during the previous fiscal year, the sum of \$210 million, was required.

It is my contention—and I am sure it is that of the distinguished Senator from Oregon [Mr. MORSE]—that if \$350 million is provided there will be \$140 million in excess of what was needed to provide the supporting assistance that is so important, according to our military leaders, in South Vietnam and South Korea.

As I previously pointed out, last year Congress appropriated \$395 million, but the administrators programed \$548,969,000 by taking moneys from the contingent fund and other parts of the bill in order to augment the program. I should like to show how some of that money was used.

For example, let us consider Tunisia. When the AID made its presentation for fiscal year 1963, no funds were programed for supporting assistance to that country. But the revised program included \$6,813,000. The agency stated in its fiscal 1964 presentation that this money was necessary to provide non-project commodities in the amount of \$6.7 million and disaster relief in the amount of \$100,000. Yet we are told that this sum is to be used in order to assist countries that have huge armies to maintain.

In justifying this action, the agency states that fiscal year 1962 funds programed for Tunisia were debrogated because of technicalities—because the 1963 appropriation act precluded reobligation of prior years' funds, the agency approved the use of the 1963 contingency fund rather than reobligate the prior years' funds. Thus AID got around the letter of the law by violating the spirit of the law.

Another example may be found in the case of Egypt, where \$10 million of the contingency fund was used, not directly from that fund, but through the supporting assistance fund. The amount was transferred from the contingency fund to the supporting assistance fund.

It is interesting to note that the agency reduced its supporting assistance program in only one area of the world; namely, the Far East. Yet when a plea was made by the agency for a restoration of the amount asked last year, the

reason given was that the Far East needed it. As I stated a while ago, the agency reduced that amount, but used the money in other areas.

In that connection, I point out some of the areas where it was used. The money could not have been obtained from Congress if the purposes for which it was desired to use it had been stated. In Latin America, a total of \$41,535,000 was added to the amount appropriated by Congress; there was added in the Near East, a total of \$9,113,000; and in Africa, \$10,462,000 was added—for a total increase from the original program of \$17,719,000. But in the areas where it was intended to be used to the greatest extent, upon which was based the argument for an increase last year, the program was cut back. These cuts were made in South Vietnam and Korea.

Now the same arguments are being made in connection with the claim that this amount should be increased, because, it is said, it is badly needed in South Korea, in South Vietnam, and elsewhere in southeast Asia. But I contend that if the authorization for this fund is cut to \$350 million, South Vietnam and Korea will receive the same amounts that they received last year, and the administrators will have a surplus of \$140 million to spread around as they may desire.

Again, I point out where some of this money was used last year. While reductions were being made in the Far East, Indonesia—a country which continues to play "footsie" with the Reds—had its supporting assistance program increased from \$2,500,000 to \$21,900,000—an increase of 776 percent. How can such deception be tolerated? A program is justified for countries that have the sympathy of Congress and of the American people, but the funds are used in a country which tries to play both sides against the middle. In this connection, the Clay Committee said, in its report about Indonesia:

We cannot leave this area of the world without special reference also to Indonesia. Because of its population, resources, and geographic position, it is of special concern to the free world. However, we do not see how external assistance can be granted to this nation by free world countries unless it puts its internal house in order, provides fair treatment to foreign creditors and enterprises, and refrains from international adventures.

But, Mr. President, Indonesia has not done that.

I read further from the Clay committee's report:

If it follows this path, as we hope it will, it deserves the support of free world aid sources.

But, Mr. President, Indonesia has not done so. I would not be at all surprised to find that much of the supporting assistance funds in the amount of \$20 million which was made available last year to Indonesia was used to grab certain islands or parts of islands which formerly belonged to our friends in Europe and in other parts of the world.

It is my judgment that an authorization in the amount of \$350 million, as proposed by the Morse amendment, will be entirely sufficient to take care of the

areas which must be cared for, according to our military leaders.

So I hope the modified amendment of the Senator from Oregon to the committee amendment, as amended, will be adopted.

The PRESIDING OFFICER (Mr. EDMONDSON in the chair). The question is on agreeing to amendment No. 316, as modified, as proposed by the Senator from Oregon [Mr. MORSE] to the committee amendment, as amended, in the nature of a substitute.

On this question, the yeas and nays have been ordered.

Mr. FULBRIGHT. Mr. President, I shall say only a few words, because very little is left to be said about the amendment.

This item has already been cut severely, as have all the other items. The supporting assistance item has been decreased from \$917 million, in 1961, to the requested authorization of \$445 million, this year; and in the committee it was cut to \$400 million.

I do not know that anything further remains to be said in this case.

I hope the Senate will not adopt the modified amendment of the Senator from Oregon to the committee amendment, as amended.

Mr. SALTONSTALL. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. As a member of the Appropriations Committee, it has always seemed to me that after we provide military assistance, we must provide some supporting assistance, because after we help a country to develop its military forces, we have to assist in their support through local agencies and local people in view of the fact that a certain number of people are thus taken away from their normal occupations. So it has always seemed to me that supporting assistance is a valuable and necessary part of military assistance.

Mr. FULBRIGHT. The Senator from Massachusetts is entirely correct. With a few exceptions, that is the major use of supporting assistance—in cases in which a major military effort is made—for example, in Turkey, which has already been referred to. There is also the critical situation in the Congo, particularly in Leopoldville, which is in desperate need of assistance for stabilizing purposes. The countries in these areas are threatened with serious problems, both external and internal. This general situation has been explored; and both the Senator from Louisiana and the Senator from Oregon have spoken extensively on what is involved in this case.

But the amount has already been greatly reduced until it is now quite small. In pursuance of what was called the Mansfield amendment—which was adopted in 1961, I believe, and which called for a reduction of this item—the administration has followed the advice of Congress, and in my opinion has done a very good job in that connection.

So I hope the Senate will reject the pending amendment, as modified, to the committee amendment.

Mr. ELLENDER. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. ELLENDER. Can the Senator from Arkansas state how this fund will be used, and can he also state what countries will receive it?

Mr. FULBRIGHT. That information is classified. However, what is proposed is shown in a list which I have before me. The Senator from Louisiana can examine it if he wishes to do so. The past figures in connection with this item are not classified; but, as the Senator from Louisiana knows, there is a very good reason for classifying this material in connection with the pending bill, for after the appropriations process is engaged in, the amounts are always altered. So it is obviously undesirable to permit this information to be issued at this time, for if it were issued now, perhaps it would be bandied about by those interested in these programs. Clearly, there is always a certain amount of adjustment to be made before the appropriations are voted and are made available.

Mr. ELLENDER. But I should like to have Senators see that statement or list.

Mr. FULBRIGHT. They can do so; but it should not be printed in the Record. There is nothing new about the situation in that connection.

Mr. ELLENDER. I understand that.

However, is it not true that last year, as I have pointed out, there was programmed and justified for Korea not less than \$125 million, but the administrators gave that country only \$90 million?

Mr. FULBRIGHT. As I have said, when a certain amount is proposed, but when thereafter the amount proposed is severely cut, obviously the amount finally provided will be less than the amount originally proposed. What else could be done? The administrators say, "If you grant us x dollars, we propose to use it in this way." But if the proposed amount is cut by 20 or 30 percent, obviously they cannot spend the amount which they had proposed.

Mr. ELLENDER. As I pointed out—and I should like to be corrected if I do not have the correct figures—last year \$395 million was provided for supporting assistance but there was programmed \$548,969,000.

Mr. FULBRIGHT. The Senator has stated the estimate before any cuts were made.

Mr. ELLENDER. No, I have stated the amount of the program. The appropriation was only \$395 million.

Mr. FULBRIGHT. Yes.

Mr. ELLENDER. That is what was demanded.

Mr. FULBRIGHT. What would the Senator expect the agency to do if the program changed and a cut were made in the amount below the program estimate? Would the Senator have it spend more than the amount which was authorized?

Mr. ELLENDER. No. If the money appropriated last year had been used for countries such as South Vietnam, Korea, and Southeast Asia that, it was said, needed the money so badly, they would have had enough money. But they increased the programs in Indonesia and

other countries that should not have received the money. That is what happened.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MORSE. I hope that Senators will announce to the latecomers that my amendment has been modified by omitting lines 1 and 2, which involved the development grants, and the amendment is now limited entirely to a proposed \$50 million cut in supporting assistance. It has nothing to do with developing grants. I may offer an amendment in relation to development grants later.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE] as modified, to the committee amendment, as amended. On that question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. CANNON], the Senator from Louisiana [Mr. LONG], and the Senator from Mississippi [Mr. STENNIS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from Mississippi [Mr. STENNIS], and the Senator from Nevada [Mr. CANNON] would each vote "yea."

On this vote, the Senator from California [Mr. ENGLE] is paired with the Senator from Louisiana [Mr. LONG]. If present and voting, the Senator from California would vote "nay," and the Senator from Louisiana would vote "yea."

Mr. KUCHEL. I announce that the Senator from Kentucky [Mr. COOPER] is detained on official business, and if present and voting, would vote "nay."

The result was announced—yeas 43, nays 52, as follows:

[No. 230 Leg.]

YEAS—43

Beall	Jackson	Randolph
Bennett	Johnston	Ribicoff
Bible	Jordan, N.C.	Robertson
Burdick	Jordan, Idaho	Russell
Byrd, Va.	Magnuson	Simpson
Cotton	McClellan	Symington
Curtis	McGovern	Talmadge
Dodd	Mechem	Thurmond
Edmondson	Morse	Tower
Ellender	Mundt	Williams, Del.
Ervin	Nelson	Yarborough
Goldwater	Neuberger	Young, N. Dak.
Gruening	Pearson	Young, Ohio
Holland	Pell	
Hruska	Proxmire	

NAYS—52

Alken	Gore	McNamara
Allott	Hart	Metcalf
Anderson	Hartke	Miller
Bayh	Hayden	Monroney
Bartlett	Hickenlooper	Morton
Boggs	Hill	Moss
Brewster	Humphrey	Muskie
Byrd, W. Va.	Inouye	Pastore
Carlson	Javits	Prouty
Case	Keating	Saltonstall
Church	Kennedy	Scott
Clark	Kuchel	Smathers
Dirksen	Lausche	Smith
Dominick	Long, Mo.	Sparkman
Douglas	Mansfield	Walters
Eastland	McCarthy	Williams, N.J.
Fong	McGee	
Fulbright	McIntyre	

NOT VOTING—5

Cannon	Engle	Stennis
Cooper	Long, La.	

So Mr. MORSE's amendment, as modified, to the committee amendment, as amended, was rejected.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. McCLELLAN. Mr. President, since the foreign aid bill now under consideration is being debated at great length, I should like to state briefly why I shall vote against it. As the RECORD will show, I have not voted for any foreign aid spending since 1954. I do not mean by that statement to imply that I have not felt that some judicious spending might not be to our benefit. However, I concluded, about that time, that we were spending at least \$2 for every \$1 that was necessary to carry out our program that we had in mind and for which we envisioned a need for our assistance.

Prior to 1954 I voted for foreign aid bills designed to implement the Marshall plan, because I believed the situation was such that there was some prospect of achieving some kind of results. I was willing, and I thought it proper, and I believe it was well justified, that we should help rehabilitate the war devastated countries. That we did.

Looking back, I believe most people would agree that our assistance since under the Marshall plan achieved a significant and quite satisfactory result. When it became clear that the proponents of foreign aid intended to make it permanent, with large scale programs of exorbitant expenditures aimed at the achievement of what I conceived to be impossible, unrealistic, or questionable goals, I concluded that I could no longer in good conscience support the program.

I have observed that since I quit voting for the program in 1954, the number of nations receiving aid has increased, I believe, from 71 countries that were receiving aid then to approximately 111 which are now receiving our assistance.

The amount of funds appropriated increased from \$2,712 million in fiscal 1956 to \$3,929 million in fiscal 1963. The current request for funds maintains the trend toward ever larger authorizations and appropriations. This year the President submitted an original budget request for \$4,945 million. Later he reduced his request for fiscal 1964 to \$4,529 million. The House further reduced the amount to \$3,502 million in the bill now before the Senate.

Since July 1, 1945, the United States has spent or committed more than \$103 billion for economic and military assistance. We have made available about \$45 billion to Europe; \$24 billion to the Far East; \$20 billion to the Near East and southern Asia; \$7 billion to Latin America; \$2 billion to Africa and \$5 billion on a nonregional basis. Both the obligation authority and expenditures for economic assistance and military support have been steadily increasing in recent

years with no indication as to when or where this merry-go-round will slow down or come to a halt. With only about 6 percent of the world's population, the United States has attempted to conquer poverty, illiteracy, disease, and oppression throughout the world. We have aided our foes as well as our friends.

What achievements can we point to as a result of this monumental expenditure of funds? I submit the results are not too gratifying; indeed, they are extremely disappointing. It is unnecessary at this time to describe again and in any detail instances of waste and wretched administration in the foreign aid program. Through the years, Members of this body, the press, commentators, and other sources have cited countless examples of shortcomings and spectacular failures in the program. Even the friends of foreign aid apparently concede that the program has been completely unsatisfactory or, at the least, that it is most unsatisfactory in its present state of operation and that the program must be revamped or completely changed. Only the other day, the Washington Post stated that "few can deny that the present program is beset by contradictory policy objectives and occasionally by wretched administration." The Committee on Foreign Relations has indicated that it gave serious consideration to ending the program as presently constituted in 1965. In my judgment, even that period of delay is not acceptable. A complete list of the specific instances of corrupt, shortsighted, or inefficient administration of the program would fill volumes.

The fallacies and shortcomings in our foreign aid program have been rather thoroughly exposed during the debate on this bill. Senators have presented detailed examples and many valid generalizations which reflect true conditions respecting our foreign aid program.

I shall not attempt to go over the same ground, but will merely summarize my own views in this area.

One of the more serious shortcomings in the program is the lack of clarity in our goals. We have often undertaken projects with no clear objective in mind. When we have pursued particular goals, they have often been either contrary to our national interest or unrealistic and impossible to achieve. In many instances, we have pursued contradictory policy objectives. While attempting to solve each problem which arises in the world, we often forget what we are trying to accomplish and why we are concerned with the problem at all. Until such time as we clarify our goals, any foreign aid program which we undertake will not be fully effective.

As the Senator from Alaska [Mr. GRUENING] has so ably pointed out in his report to a subcommittee of the Government Operations Committee, of which I have the honor of serving as chairman, there has been far too great a tendency on the part of our administrators to proceed on the assumption that any nation in the free world not only should, but is entitled to, receive U.S. foreign economic aid. I do not agree that all nations of the free world are entitled to or should receive economic assistance from us. An indiscriminate outpouring of aid results

in a waste of public funds and often does more harm than good.

Our assistance to underdeveloped nations in many instances has created envy and hatred instead of friendship. Our projects in many countries result in a flaunting of our great wealth and prosperity before the eyes of people whose situation almost inevitably causes them to react with envy and resentment, if not with outright hatred. Furthermore, since no consistent yardstick exists for an equitable distribution of aid, some nations inevitably feel that they are being discriminated against. We also generate resentment each time we turn down an applicant for our aid. The initial receipt of aid creates the expectation of continued aid and produces adjustments which often make such a continuation imperative. Thus, after a nation becomes dependent upon this aid, its reduction or elimination causes understandable frustration and anger.

Our aid program often encourages the development or perpetuation of socialism, which, I believe, in turn impedes the growth of an underdeveloped country. Tremendous amounts of aid are granted directly to foreign governments. By doing so, we are, in many instances, subsidizing the political career and often the financial enrichment of those in power. In too many cases, these political leaders are lovers of power and big government, and they are contemptuous of the businessman and his everyday concrete reality. The planners and leaders in these nations are often concerned with the displacement of the market mechanism when the improvement of this mechanism is what is most needed. Moreover, some of those administering our aid program appear to be hostile to those institutions in our society most responsible for our own growth and development—free enterprise and limited government.

In Turkey, for example, we have been financing government industries for 16 years. We are indebted to the Senator from Oregon [Mr. MORSE] for calling to our attention a report by a U.S. expert on investment laws, Mr. Norman Littell. Mr. Littell pointed out that the history of Turkish confiscation of foreign enterprises and the fact that these enterprises have been run for years by the state have been the chief trouble with the Turkish economy. Mr. Littell also points out that he was informed by people in a position to know that the average Turkish citizen realizes full well that private operations are far more efficient than public operations but is still reluctant to take the leap from public to private ownership. It would seem, therefore, that little, if anything, has been done to educate the citizens of Turkey on the dynamics of private enterprise and the benefits it can bring to the employees in a depressed and underdeveloped area.

Mr. MORSE. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield to the Senator from Oregon.

Mr. MORSE. I am glad the Senator from Arkansas has mentioned the work of Norman Littell. He is one of the best

versed and informed men on the problems of Turkey who is available to the Senate. I have conferred with him at great length. I believe the Senator from Arkansas has conferred with him.

He has pointed out that the aid we have given to Turkey has had many unfortunate results, not the least of which is the socialization of its industry and the operation of many industries by the Government, at great waste, with those industries' payrolls actually being a form of unemployment insurance, in that they have many times the number of employees needed.

Mr. McCLELLAN. In other words, they are engaged in made work.

Mr. MORSE. And they are paid by means of the American dollars that Government receives. In that sense, we are pouring into Turkey a great deal of aid which is unneeded.

Littell also pointed out that we are not supporting democracy in Turkey, and that the situation there is a far cry from the situation in a land of freedom. Yet we continue to pour our money into Turkey.

I shall offer some amendments which will specifically deal with Turkey, and in that way I shall try to end much of the waste which has crept into our foreign aid program.

Mr. McCLELLAN. I thank the Senator from Oregon. I pay tribute to him for the highly valuable service he has rendered in the Senate at this session.

In the past 8 years, although I have not voted for this program, yet I have not made an all-out fight against it on the floor of the Senate, for that seemed to be useless. In the early stages I thought I might be mistaken, but I had to vote my convictions.

I see no end to this program; there is no prospect of reaching an end to it. It will be a continuing and growing program, unless we meet our responsibility, and thus stop it. But as I view the situation—and I have been around a little, even though perhaps I have not traveled abroad as much as some Senators have—we are not striking at the root of the troubles. We are merely handing out doles to those temporarily in power in these countries, and those donations are not of benefit to the average citizens in those lands, and do not result in making resources available to them in order to help them build up an improved livelihood, or in amounts sufficient to enable to lift themselves out of the poverty in which so many of them are enmeshed. Instead, we aid them to live from day to day, but no improvement is being made. One of the difficulties is that the program is not organized correctly. Apparently we do not have a proper conception of what needs to be done, and we do not have in the AID enough people who know differently and know how to reach the problem and how to deal with it adequately.

Mr. GRUENING. Mr. President, will the Senator from Arkansas yield to me?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Alaska?

Mr. McCLELLAN. I am glad to yield.

Mr. GRUENING. I thank the Senator from Arkansas.

First, I thank the Senator for his very kind reference to my report. I believe it is the first investigation in depth of this subject that has been made in the Senate, and I believe it was long overdue.

I share the concern the Senator expresses. I felt that when the foreign aid program carried out the Marshall plan, it was a great success. It was specific in purpose, limited in scope, directed at countries that were qualified to receive such aid, and accomplished its objectives; and if we had adhered to similar procedures and standards in connection with the program subsequently we would not have had the errors and the waste that have characterized the foreign aid program which we are now trying to reform.

I do not wish our foreign aid to be eliminated; but I believe it must be curtailed and reduced until it is sound and sane and until it is based on fundamental principles, such as the willingness of the countries we aid to help themselves, to administer honestly and effectively the funds we give them, and to reach a termination point in the program. As the Senator has said, we cannot continue this program indefinitely. Furthermore, it would be fantastic for the United States with about 6 percent of the world population to attempt to eliminate poverty everywhere in a world of more than three billion persons. As the Clay report stated, we have attempted too much too rapidly.

I wish to refer also to the commendation by the Senator from Arkansas and the Senator from Oregon of Norman Littell, a very experienced and able attorney, a former Assistant Attorney General and a man of unblemished reputation. I am not particularly familiar with the work he has done in Turkey, but I know of his excellent work as attorney for the Navajo Tribe. He has held that position for the last 15 or 16 years; he has served those Indians of the Southwest with great devotion and ability, and I am glad to join these Senators in expressing our appreciation of his excellent work and in paying tribute to him for his accomplishments, his valuable services both while in the Federal service and in private practice, his integrity, and his fine public spirit.

Mr. McCLELLAN. I thank the Senator from Alaska. It would be most desirable for us to have in that country more men of ability who manifest a sincere desire to do something effective about the needs which exist there. Under such circumstances, I think the program might be quite helpful. But at present, waste, extravagance, and indifference characterize the program there; instead of taking positive steps, there seems to be only a desire to get rid of the money we send there and—in short—to attempt to buy friends. Such a program makes no sense to me, and certainly it is the grossest kind of governmental folly.

I wish to pay tribute to the Senator from Louisiana [Mr. ELLENDER], who has traveled most extensively. When I entered the Chamber a few minutes ago,

I think the Senator from Oregon was referring to him. I join in the sentiments I heard the Senator from Oregon express.

Following each trip the Senator from Louisiana has made abroad—they have not been junkets; they have been journeys in the course of which he has obtained large amounts of valuable information about our program, the policies followed, the method in which the expenditures were being handled, and the results being obtained—he has made a detailed report to the Senate. I think it most unfortunate that the Senate and the House of Representatives have not earlier heeded some of the reports he has given us and have not acted upon them. I believe we are now reaching the point where there is some hope; apparently, judging from what has happened in the last 2 weeks, there is now some hope that Congress will begin to measure up to its responsibilities in this field, and will either stop the entire program for the present or will reorganize it in such a way that it will accomplish something worth while.

Mr. MORSE. Mr. President, will the Senator from Arkansas yield again to me?

Mr. McCLELLAN. I am happy to yield further to the Senator from Oregon. First, let me say that I believe I have supported almost every amendment he has offered in recent years in the attempt to reduce this program in size and to make some necessary corrections in it, even though until now we have not been particularly successful in such attempts. I am gratified that we are now making some progress in that direction; and among the outstanding Senators who have led that fight are the Senator from Louisiana [Mr. ELLENDER], and Senator from Alaska [Mr. GRUENING] and the Senator from Oregon [Mr. MORSE]. Again I commend the Senator from Oregon, because he has performed a most valuable service. At this time I am glad to yield to him.

Mr. MORSE. Mr. President, on behalf of the Senator from Alaska, the Senator from Louisiana, and myself, I thank the Senator from Arkansas very much. He has stood shoulder to shoulder with us as we have tried to bring about necessary reforms by means of making necessary changes in the bill.

In view of the fact that the Senator from Arkansas paid tribute to Norman Littell—and his tribute was followed by the tribute paid to Mr. Littell by the Senator from Alaska [Mr. GRUENING]—and in view of the fact that the Senator from Alaska stated that for a great many years Mr. Littell has been legal counsel for the Navajo tribe, in which work he has performed distinguished service, I ask unanimous consent to have printed in the RECORD at the conclusion of the speech of the Senator from Arkansas an editorial, written by Josephus Daniels, editor of the Raleigh, N.C., News and Observer, at the time when Mr. Littell was Assistant Attorney General. The editorial is entitled "Would Be Knighted," and is in high praise of this great lawyer and distinguished American.

I read only the first sentence:

If public men who render distinguished and patriotic service in America were knighted, the highest decoration would go to Norman M. Littell, Assistant Attorney General.

Mr. President, I ask unanimous consent that the editorial be printed in the RECORD following the speech of the Senator from Arkansas.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. McCLELLAN. Mr. President, it is too often forgotten that the developed countries of the world achieved their greatest development under relatively laissez faire conditions. Massive government intervention was adopted by the West only after a century of development. The underdeveloped countries of the world are attempting to start with extreme versions of policies adopted by the nations of the West after they had already achieved their period of greatest growth.

It is argued that the underdeveloped nations of the world cannot afford to wait for gradual development and hence feel constrained to hasten development through government enterprise. We must accept such policies, it is said, because to do otherwise would be an undue interference in the domestic affairs of these nations.

I do not desire to interfere in the affairs of other nations, but when they expect us to pay their bills, I wish to have something to say about those affairs. So long as a nation attends to its own business, it can have whatever dictators, inflation, or whatever else it wishes—if it does not know better. But when such nations come to us and present the bill and ask us to finance those things I have enumerated, then I am ready to interfere or cut off the money. When I say "interfere" I do not mean that I would force anything on them but I wish to know that their policies and their programs will result in some benefit and that some benefit will be derived from the assistance that we give to them. But have the results of such efforts indicated that this approach is the most effective way of securing the desired development? I think not. Our experience to date has not proved that to be true. For that reason we now find opposition to the program, and some of us are trying to bring about certain changes in the program and organize it so that it will be effective and function efficiently.

Not being subject to automatic correction through individual trial and error, such efforts require a miracle of planning and coordination. Failures tend to be numerous and large in scale. All too often, the net result is massive inflation resulting from an overexpansion of the governmental apparatus, the support of expensive armies, massive wage increases ordered by governments or enforced by government-sponsored trade unions, and attempts to invest capital at too fast a pace for orderly development.

Mr. President, we have examples of that in the Latin American countries. We have poured out a great deal of assistance to countries in Latin America.

Conditions become worse all the time, according to the reports we receive. Private capital is flowing away from the countries of Latin America as fast as we provide American dollars to try to stabilize conditions in those countries. We cannot save any country under conditions like that. There must be a reasonable effort on the part of the nations themselves—on the part of the people and their governments. We are very foolish to undertake programs until we get some cooperation and effort on the part of those countries to help themselves.

At the same time, the changed political climate operates to discourage foreign investment capital from coming into the country. When foreign investors must reckon with inflation, exchange control, price control, confiscation, and nationalization of industries, they often conclude that the possibilities for profit are outweighed by the hazards involved. So they do not invest. The underdeveloped nations are thus deprived of what could be a major source of capital for their development. It is foolish for us to encourage and subsidize such policies. I do not believe that the United States or the recipients of our aid will in the long run benefit from a continuation of our current approach to this problem. A change should be made before we appropriate more billions for such expenditures.

The hopes and rising expectations of 90 percent of the peoples of the world cannot be realized with American dollars but only with American ideals and experience which are far more valuable. In only 150 years our forefathers transformed a wilderness into the most productive, most powerful, most considerate civilization known to the history of man. The manner in which this was accomplished is the real American wealth. The rest of the world can go and do likewise if it will only recognize and carry out the essential actions prerequisite to our way of life. We on our part must recognize that money alone will solve few problems; that money is only a tool useful to those who know how to use it. The greatest gift we can give the developing countries and peoples is our knowledge and experience in the fields of government, technology, and commercial enterprise. With all of our wealth and the best of intentions we cannot help other countries and peoples unless they are willing to recognize, accept, and act on the principles we have developed from hard experience.

In all too many instances, our aid does not go to the people of the nations receiving our assistance. When aid is turned over to those in power, they often convert it into personal gain. At best, it is filtered through the existing power hierarchy whose members or supporters derive all or most of the benefits therefrom.

The United States has, in effect, forced foreign aid upon countries in some instances. We insist upon giving them aid which they are not equipped by training or background to handle.

It is a common occurrence for the United States to furnish substantial sums of money for a project and then

receive no recognition for it whatsoever. For example, in recent weeks, the newspapers carried accounts of the dedication of a highway in Indonesia which was constructed with U.S. aid. President Sukarno issued an ultimatum that no U.S. flags could be flown during the dedication.

One of the most puzzling parts of the foreign aid program to me has been the assistance given to avowed Communist countries. Moreover, we have given such aid in staggering amounts. Yugoslavia alone received about \$2.4 billion during the period from July 1, 1946, through June 30, 1963. Approximately \$696 million went for military assistance, and this amount is misleading when we realize, for example that the United States gave, sold, or contracted for the sale of 683 military planes for a few million dollars that today would cost close to half a billion dollars.

Our balance-of-payments deficit must also weigh heavily in our consideration of this bill. There is no need to dwell at length on this matter, for we are all aware of the seriousness of the problem. Suffice it to say there seems no question but that our foreign aid program is a major factor in the creation of the balance-of-payments deficit.

In my judgment, we are mistaken in assuming that the military aid furnished to many nations is responsible for keeping them from falling behind the Iron Curtain. The nuclear arsenal and military might of the United States is the real deterrent to Communist aggression against these nations, not the military assistance which we provide.

There are other criticisms which I could make, but the foregoing are sufficient to illustrate to some extent my dissatisfaction with the foreign aid program.

In answer to the criticism of foreign aid, its proponents always argue that we only need to improve the administration of the program. We have heard this same argument and excuse each time during the past 10 years that this issue has come before the Congress. We are continually promised that changes will be made. But they have not yet been made, and the evidence that they will be is not at all convincing. I see no reason to believe that the money authorized by this bill will be utilized any more effectively than the money authorized by past bills and the many billions heretofore expended. Expenditures may well be improved by reason of some amendments that have been adopted by the Senate, provided the amendments are retained when the bill becomes law. The whole thrust and emphasis of our program is, in my judgment, misguided, so I have no alternative but to continue my opposition until such time as it appears that these exorbitant expenditures have some chance of achieving much better results than they have in the past.

In concluding, I should like to go back into history for an analogy to our present situation. The rulers of Byzantium sought always to impress less fortunate peoples with the wealth and prosperity of Constantinople and used lavish for-

eign aid as their diplomatic instrument. Money was regarded as an irresistible argument and was used indiscriminately and sometimes unwisely.

I am glad to say that we have not yet reached the point of failing to maintain our military posture. We have not maintained it as well, perhaps, as some of us would like, but it is an expensive necessity. At least, I believe we have sufficient military strength today to provide a deterrent to a would-be aggressor.

The result? Lulled by a false sense of security, they failed to maintain their own military and economic strength. When the Turks threatened, friends purchased by money proved to be false friends. If we were threatened today, I wonder where Mr. Tito would be? And there are others we could mention. I can say one thing: They would not be with us. The once resplendent Eastern empire shrank to a hollow shell and ultimately collapsed without a struggle.

We should never forget that the real bulwark of freedom in the world is a strong and growing United States. If our Government continues its present course of useless and wasteful spending in a so-called foreign aid program, and continues to spend billions each year in excess of its income in wanton disregard of sound fiscal policies and governmental integrity, we, too, may someday have to answer for our folly. That "someday" may well be nearer—sooner than we think.

Let us stop this folly, conserve our resources, balance the budget, live within our income and strengthen America from within. When we do that, we will have greater resistance to and defense against any danger that may lurk from without, or may ever threaten us from without.

EXHIBIT 1

[From the News and Observer, Raleigh, N.C., June 27, 1943]

WOULD BE KNIGHTED

(By Josephus Daniels, editor)

If public men who render distinguished and patriotic service in America were knighted, the highest decoration would go to Norman M. Littell, Assistant Attorney General, whose wisdom and courage compelled the annulment of the illegal, invalid, and indefensible lease of the naval oil reserves in California to the Standard Oil Co. Any official who stands against the exploitation of national reserves by the greed of monopolists is entitled to honors that go only to those who render service beyond the call of duty. When Mr. Littell uncovered the fact that the contract made last fall was worse for the Government than the one Fall made with Doheny, he knew what he might expect from the Standard Oil lobbyists and henchmen. The Associated Press story of yesterday of the hearing before a congressional committee had the following disclosures of methods which shocked the American people.

Norman M. Littell, Assistant Attorney General who originally labeled the contract "illegal," told the Lands Committee that he had been subjected to considerable personal attack on the basis of his qualifications to pass judgment on the transaction.

Littell, who was requested to make the study by the White House, said a lobbyist of the Standard Oil Co., of California, had sat in the committee room all morning, smiling and smirking at his remarks.

This same person, Littell said, had damned him last night before other people for posing as an oil expert.

Littell said Ralph K. Davies, assistant petroleum administrator and vice president of Standard Oil of California, had offered him a retainer of \$6,000 annually some years ago following Littell's service in administering oil problems under the National Recovery Administration (NRA) code.

"I declined it," stated Littell, "because I did not want to defend the old NRA code they were maintaining."

Representative ELLIOTT threatened to call to the witness stand the "lobbyist" to whom Littell referred, and said he himself had been accused by this unidentified person of making unfair statements against Standard Oil of California. ELLIOTT told the committee members that they would have the unidentified person before them for questioning before this is over.

Littell's report termed the contract "a masterpiece of equivocation" that was "illegal and invalid" not only under the Oil Conservation Act of 1938, but also under the war powers acts. Its terms, he said, called for a pooling of approximately 8,300 acres of land owned by Standard Oil with approximately 35,175 acres owned by the Government, without taking into consideration that water seepage into Standard's share had impaired the value of the company's holdings.

From the day the Wilson administration blocked the attempt to grab oil reserves, the oil men have resolved by hook or crook to own or control the naval oil reserves. First, they threatened to open their offset wells and drain the naval reserves of their oil. That threat was met by the Secretary of the Navy, who declared that if that sort of looting was attempted, the Navy would play the same game and double the offset wells. During the World War, the California Chamber of Commerce sought to compel the exploitation because unless the naval reserve oil was made available the war work on the Pacific coast would be halted. That false plea was exposed and defeated. Then Colorado exploiters sought to get a lease of Teapot Dome but the Wilson administration refused to consider it. As soon as the Harding administration was inaugurated, the scandalous and corrupt deal was made by Fall (with a \$100,000 bribe) to turn over the Navy oil reserves to Doheny. That deal drove Denby, Secretary of the Navy, out of the Cabinet and likewise changed Fall from a Cabinet portfolio to residence in a prison cell.

Again, hoping in the stress of war to obtain the long-coveted naval oil reserves, the Standard Oil Co. of California managed to secure a contract worse for the Navy than the one Fall made with Doheny. While this contract, now annulled, was attended by no \$100,000 or other bribe, the general public which heard about it only when a congressional committee uncovered it, thought it was a plan that would benefit the Navy. It turned out to be better for the Standard Oil Co. than the contract Fall made with Doheny, and therefore worse for the Navy.

Mr. MORSE. I thank the Senator from Arkansas very much for the able and penetrating speech he has made in opposition to the bill. I shall stand shoulder to shoulder with him in his continued opposition to the bill.

Mr. SIMPSON. Mr. President, I call up my amendment No. 308 to the committee amendment, as amended, and ask that it be stated.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 48, between lines 7 and 8 in the committee amendment, it is proposed to insert the following:

(a) Amend section 621, which relates to exercise of functions, by striking out the last sentence thereof and substituting the following: "In providing technical assistance under this Act, the head of any such agency or such officer shall utilize, to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis. In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs."

On page 48, lines 8 and 22; page 49, line 5; page 50, line 1; and page 51, line 10, it is proposed to redesignate subsections (a) to (e) as (b) to (f), respectively.

Mr. SIMPSON. Mr. President, I ask for the yeas and nays on this amendment.

The yeas and nays were ordered.

Mr. SIMPSON. Mr. President, the purpose of this amendment is to bring uniformity to the Foreign Assistance Act. The amendment would utilize the efficiency of our private enterprise system in giving aid to foreign countries. It would emphasize the role of private enterprise rather than enlarging upon the activities of the Federal bureaus and agencies which become a drain on our economy.

I compliment the Foreign Relations Committee on its attempts to utilize private enterprise in developing and aiding the other countries of the world. In the Foreign Assistance Act of 1961, Congress stressed the importance of free enterprise in part III of that act, which is entitled "Encouragement of Free Enterprise and Private Participation."

The Foreign Relations Committee has recognized that private channels must be used to the greatest extent practicable. This year the committee has recommended three changes in the act to further encourage and facilitate participation by private enterprise.

One change which was adopted by the House of Representatives and is in the bill recommended by the committee would improve and strengthen the role of private enterprise in the field of foreign aid. In part III, section 601(b) the act states:

In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall . . . (6) utilize whenever practicable the services of United States private enterprise (including, but not limited to the services of experts and consultants in technical fields such as engineering.)

I believe that the committee has acted wisely in recommending this language. I endorse it completely.

I find that the bill is not consistent with this approach and have offered as an amendment to the bill a provision which would bring uniformity. Section 621 of the Foreign Assistance Act of 1961 states:

In providing technical assistance . . . the head of any such agency or such officer

shall utilize to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibility for domestic programs in such fields.

This contradicts the purpose of the committee's recommendations regarding section 601. My amendment is technical and would bring harmony to the act.

My amendment would strike the conflicting sentence of section 621 and insert in lieu thereof the following:

In providing technical assistance under this Act, the head of any such agency or such officer shall utilize, to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis. In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs.

I am confident that there will be little, if any, objections to this amendment, because the President has stressed the importance of stimulating our economy and a need for the balance of payments. Our economy can be stimulated if we will use American private enterprise in giving assistance to foreign countries.

We are at a period in our history when our approach to world affairs should be reoriented, particularly in regard to the administration of our foreign aid. If the purpose of our lending assistance to other nations is to encourage freedom, promote the betterment of the people, and establish an economy founded upon private enterprise, then we should do it in a manner in keeping with these principles.

Private enterprise and initiative has been the dominant factor in the development of the United States, and if we are to expect other nations to follow in this philosophy we must utilize these basic principles to the fullest extent in the implementation of our assistance programs.

The foreign aid program is supporting a bureaucracy within our own Government and correspondingly encouraging the recipient countries to do likewise. Domestic Federal agencies have been encouraged to offer their services to foreign governments, subagencies, and individuals.

They have been given increased appropriations to obtain additional personnel, equipment, and office space in which to carry out their new functions. They have become so involved in providing these services that their primary domestic responsibilities are often set aside.

While it is true that we have an interest in seeing that the moneys we spend are spent wisely, on technically sound projects and programs, there are ample people in private enterprise who could be engaged to aid in this area.

America has a highly developed business of providing technical services for foreign projects as well as domestic ones. Competition from Federal bureaus threaten to take over a large part of this market. The Foreign Assistance Act of 1961 stimulates Government competition with private enterprise. That

should not be so. The committee has wisely tried to change this. My amendment brings uniformity to the act.

There can be little question regarding the capabilities of the technical and scientific community in this country. We now possess the world's most extensive, flexible, versatile, and capable source of technical knowledge and services for project development in our history. And instead of encouraging them to go outside our borders and demonstrate to the world, on a personal basis, how Americans work, we discourage them and send arms of our Federal Government whose interest is not always in a job well done, but, rather, just another job.

This problem of Government bureaucracy in our foreign aid program has become so acute in recent years that several professional associations representing segments of our private industry have called my attention to cases of wasteful spending, duplication, and outright discouragement of private interest in foreign aid.

The Legislative Council for Photogrammetry, representing the mapping industry of this country, has informed me of an agreement between the AID and the Corps of Engineers that will ultimately result in no further work for private businessmen in the location and development of natural resources of Latin America.

This agreement, known as the Participation Agency Service Agreement, or PASA, as it is more commonly referred to, has resulted in complete control, by the Corps of Engineers and its subagency, the Inter-American Geodetic Survey, of the natural resource development in Latin America.

Instances have been reported of officials of Latin American countries being told by U.S. officials not to utilize the services of U.S. firms but to ask the U.S. Government to perform these projects under the guidance of the Inter-American Geodetic Survey.

The Consulting Engineers Council, representing the engineers of America, has added still further instances of Government competition with private engineers. Just this past month they reported that the Agency for International Development completed an agreement with TVA for consulting services in connection with a feasibility study for the proposed \$150-million Yaque del Sur irrigation project in the Dominican Republic. This not only is competition from a governmental source but competition from a source not even experienced in the irrigation field. Upon inquiry of the matter, agency officials admitted one person on TVA's staff had had some previous experience in the irrigation field. TVA officials were scheduled to go to the Dominican Republic on September 28 but a revolution intervened, resulting in a termination for the time being, of economic aid to that country.

Another example was an agreement between AID and the Department of Agriculture in which the latter enters the engineering business to prepare drawings and specifications for construction of facilities in Trinidad, British West Indies. The Bureau of Public

Roads is another agency rendering engineering services throughout the world, although it has a big enough job with the mammoth road construction project here in the United States.

When a Federal engineering agency takes an assignment from AID, then it harms private enterprise both in the United States and in the recipient country. This can be particularly harmful to the fledgling private enterprise sector of emerging economies.

My amendment proposes to change some of these inequities and place the basic principles of our country at the forefront of our AID policies and administration.

Government agencies are established and organized for governmental purposes. For providing technical services, their organizations are cumbersome. They lack the incentive of competition for economic survival to provide rapid and efficient services. Private enterprise has the greatest incentive and facilities for rapid and efficient completion of contract services. When a contract has been completed and the project for which it was intended finished, the company and its personnel go off the Government's payroll, but much of the fruit of their labor goes into the Treasury of the United States in the form of taxes.

The adoption of this amendment will be of great assistance to our American private enterprise system and will clearly demonstrate to the world that we use the free enterprise system which we are attempting to establish in the underdeveloped countries.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield to the Senator from Oregon.

Mr. MORSE. I congratulate the Senator on his speech. I had read it before he delivered it. I was very favorably impressed with it then. I am even more favorably impressed with it now that it has been delivered.

I think the proposal is in line with what the Senator from New York [Mr. JAVITS], the Senator from Minnesota [Mr. HUMPHREY], and other Senators have been trying to work for; namely, a greater contribution in the administration of the foreign aid program by the private segment of our economy. Speaking for myself, when people have asked me what I was trying to do in this connection, I have said: "I am trying to move the bureaucrats out and the entrepreneurs in."

That is the objective of the Senator's amendment. Perhaps some Senators have questions to ask in regard to it, but I believe that wherever possible private industry should be used to carry out a program which, for the cogent reasons expressed by the Senator from Wyoming in his able speech, can be done by it. That is the answer. Private industry must be brought in. It should be brought in, because we are not exporting a government to the underdeveloped areas of the world. We should not be. We are not exporting bureaucracy. I thought we were trying to export economic freedom. I thought we were trying to export the processes of a private

enterprise system, its technologies, its profit motive, its incentives, and its stimulation.

The amendment seeks to accomplish that end. The amendment ought to be accepted, with whatever clarification may be asked for, and taken to conference.

Mr. SIMPSON. I thank the Senator from Oregon for his observation.

Mr. AIKEN. Mr. President, may I ask the Senator a question or two?

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Vermont?

Mr. SIMPSON. I am glad to yield to the Senator from Vermont.

Mr. AIKEN. First, the Senator's objective in offering the amendment appears to be a good one. However, it provides:

In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs.

The Senator does not intend, does he, to limit the fields to education, health, housing, and agriculture?

Mr. SIMPSON. No; I did not intend such a limitation.

Mr. AIKEN. Did the Senator intend that the wording of his amendment would preclude temporary assistance from the Army Engineers, provided that a private engineer were available, although it may be at greater cost?

Mr. SIMPSON. No; and in that connection I call the attention of the Senator from Vermont to the fact that the Javits amendment called for an advisory report. My amendment would implement that provision by establishing an area in which selection could be made.

Mr. AIKEN. I thank the Senator. I thought these points should be made clear for the RECORD.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, about 2 years ago, I believe, I offered an amendment to the foreign aid bill, which is now section 621 in the act. That section calls upon the AID agency to utilize the so-called domestic agencies of Government in so far as it is practicable to do so in carrying out the programs of technical assistance. My objective then was to preclude the possibility of the AID administration building up, for example, a large housing section, when a housing section already exists in the Housing and Home Finance Agency which could meet these responsibilities; also, asking the AID agency to utilize the U.S. Public Health Service, with reference, for example, to some of its health programs, because there are competent health personnel in the U.S. Public Health Service.

The Humphrey amendment of 1962 was designed to implement the AID administrative structure, with the AID administration actually making contracts with an established department of Government of cabinet status, such as the

Department of Agriculture or the Department of Health, Education, and Welfare, to perform certain functions with available on-the-job technicians; in other words, dealing with people who were already on the Government payroll, so that it would not be necessary to build up a whole new array of Government personnel with a new bureau.

As I understand the Senator's amendment, the Senator does not propose that such services should be dispensed with but that where the private instrumentality or private enterprise sector could provide trained and competent personnel to do the required work, as well as or better, they should be called upon, on a contract basis, to perform a particular service, such as, let us say, in the development of a savings and loan association, or in the development of a veterinary college in a country, or in aiding housing construction. As I understand, the Senator's amendment emphasizes the private sector as a part of the AID program, and would utilize the private sector to the maximum extent possible. Is that correct?

Mr. SIMPSON. The Senator is correct.

Mr. HUMPHREY. If, for example, the cost involved were heavy, and far beyond what could be obtained through the utilization of existing Government personnel, for example, cost would be a factor which could very well work against the hiring of a private group. Is that correct?

Mr. SIMPSON. That is entirely correct, I believe; I would subscribe to that statement.

Mr. HUMPHREY. I believe the Senator's amendment is within the spirit of what some of us have been trying to do, namely, bring more fully into the foreign assistance program the great resources of the United States which are found in the private sector of our economy. That is our real strength. It is not only Government that represents that strength.

Mr. SIMPSON. Yes. I thank the Senator very much.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield.

Mr. JAVITS. I should like to ask the Senator whether the words in lines 7 and 8 "on a contract basis" are words of art. What does the Senator have in mind? Is he trying to invoke some part of Federal law to prescribe how contracts shall be made?

Mr. SIMPSON. Several Senators have discussed that point thoroughly. There was some contention with respect to the use of those words. The feeling was that the private enterprise sector would in all instances enter into a particular field on a contract basis.

Mr. JAVITS. Does the Senator feel that the words "on a contract basis" represent what he is trying to accomplish?

Mr. SIMPSON. I do not know. It occurred to me that, quite conceivably, a company might not be allowed to enter into a field without a contract, and, as a result of that feeling we used the words "on a contract basis." However, the language makes sense without those words.

Mr. JAVITS. I would appeal to the other lawyers in the Senate; but to me it seems that "on a contract basis" could mean that a Government official could interpret what was meant by those words, and the language might prove restrictive instead of expansive.

Inasmuch as the Senator did not have in mind using those words as words of art, it occurs to me that perhaps the Senator's intention could be carried out by the statement which he now has made, without the use of those words. I did not want to assume it without some explanation from the Senator as to why the words were used.

Mr. SIMPSON. I would agree to the deletion of those words, because I believe it is a very good amendment without the use of those words. As I said, the thought was that it would be done on a contract basis. We understand that a Government function in working on the basis of a contract, or in delineating specifications for it, could do a disservice to our country. I would be willing to accept the deletion of those words, because I believe the amendment would still remain a strong amendment without them.

Mr. JAVITS. Perhaps other lawyers in the Senate would like to examine the amendment. I notice that the Senator has made some changes in the sentence which he strikes out in section 621. A rather hasty reading indicates that the changes made include striking out the preliminary provision with respect to providing technical assistance under the act relating to such fields as education, health, housing, and so on. It provides:

In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when—

Then, instead of "to the fullest extent practicable," the Senator provides "shall be utilized when such facilities are particularly or uniquely suitable to technical assistance."

Unwittingly we may be creating a vacant place. If we wish private enterprise utilized to the fullest extent practicable, and there is no private enterprise in a particular specialty available, or it is too expensive, the Senator states that in that case it is not practicable.

Now to move into the field of Government enterprise, or another department. In that connection the Senator says: "when such facilities are particularly or uniquely suitable for technical assistance."

Suppose the facilities are suitable, but it is still impracticable to buy from private enterprise what it is desired to buy. Does that mean that the amendment would set one up, and thus cause us to make the same mistake that we are trying to avoid?

I ask the Senator whether it might not be possible to obtain everything he wants by starting the last sentence of the statement: "consistent with the foregoing."

And then to continue and complete the sentence exactly as it is now. These are words in the law that are well understood. They have been interpreted by the Department. In short, if the Senator's primary idea is to have everything bought from private enterprise that is

practicable, the Senator might say: "consistent with the foregoing."

That is, buy everything from private enterprise that is practicable; use everything in government that is practicable; then the agency would have to do it itself.

I am merely asking questions, because, as the Senator properly says, his proposal fits in exactly with what I have tried to do in the Committee on Finance. May not that give the Senator a pattern of legislation, a pattern of enactment, which is precisely what he wants? I do not know; I am only asking the Senator a question.

Mr. SIMPSON. The difficulty with the experience there was in the absolute exclusion from section 621, which is the area that the Senator has just described.

That was the reason for saying "are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs."

We felt that that was a qualifying of section 621, to bring it into closer accord with section 601(b)(6).

Mr. JAVITS. I shall support the Senator's amendment, no matter what he does about the language. I say that for this reason: All these questions can be unraveled in conference. But it is extremely important, if we are to support the Senator, that we have an understanding of what he has in mind.

When the Senator from Arkansas [Mr. FULBRIGHT] and his colleagues rewrite the language in conference, if the Senator from Arkansas has voted with the Senator, then certainly they would wish to rewrite the language by dealing with the situation in a substantive way as the Senate intended it. I am trying to learn the Senator's intention, so that we may know what he intends.

Mr. SIMPSON. I have great regard for the Senator from New York. Probably I should have consulted with him in preparing the language of the amendment, because I think his suggestion is perhaps better.

Mr. JAVITS. The Senator is very kind.

Mr. FULBRIGHT. Mr. President, will the Senator from Wyoming yield?

Mr. SIMPSON. I yield.

Mr. FULBRIGHT. I should like to have the Senator explain, along the lines suggested by the Senator from New York, the real meaning of the language "shall utilize, to the fullest extent practicable."

Let us assume that an engineering problem arises. The Army Corps of Engineers has some outstanding experts, and we have faith in their ability. Would the Senator say that under his amendment the agency would have to hire private engineers, whose services might cost twice as much as those of the Army engineers, to serve on a consultant basis?

Mr. SIMPSON. I would not.

Mr. FULBRIGHT. Consider a private university as against a land-grant university. Suppose the agency needed, as it sometimes does, services in the field of technical assistance, services that could be performed by a university.

Would the Senator say that the agency would have to use the services of Harvard instead of those of the University of Minnesota?

Mr. SIMPSON. God forbid the former.

Mr. FULBRIGHT. Harvard is a private enterprise as opposed to the University of Minnesota, which is a public one. Does the Senator mean that services of the University of Minnesota could not be utilized?

Mr. SIMPSON. No. The Senator's suggestion is very helpful.

Mr. FULBRIGHT. Highway maintenance is another example. Problems arise in that field. The Government has what it believes to be an efficient Bureau of Public Roads. The Senator would not say, would he, that his amendment means that the agency would have to hire private engineers if Government engineers were available for the particular work involved?

Mr. SIMPSON. No; I would not. I thank the Senator from Arkansas for his observation. These are difficult problems to be included in language to be interpreted. At the same time, I agree with the Senator that it would not be my intention to require private services when public services could be obtained.

Mr. FULBRIGHT. With that interpretation—if the agency could use the services of public experts in this field—in the field of technical assistance, which is particularly where they might do a good job, I would have no objection to the amendment. With that interpretation, I think it is a matter of slight rewriting and a placing of a little different emphasis from what is contained in the bill. If that is the way the Senator means the language to be applied, I see no objection to the amendment.

Mr. JAVITS. Mr. President, will the Senator yield, to allow me to have this question clarified?

Mr. FULBRIGHT. Mr. President, does the Senator from Wyoming propose to strike out the words "on a contract basis"?

Mr. SIMPSON. I would be agreeable to that. That phrase does circumscribe the language in such fashion that there might be some difficulty in interpretation.

Mr. JAVITS. The Senator would have to obtain unanimous consent to modify his amendment, because the yeas and nays have been ordered.

We now have the Senator's intention. Let us forget the language that is in the amendment. Let us talk about his intention. The Senator has defined the word "practicable" and has had colloquies about it with the Senator from Minnesota [Mr. HUMPHREY] and the Senator from Arkansas [Mr. FULBRIGHT]. Wherever it is practicable to obtain goods and professional or other services from private enterprise, or private technical assistance, under this act, the Senator's amendment means that the agency shall proceed in that way.

Mr. SIMPSON. Yes; it does.

Mr. JAVITS. Clearly so. Second, if that were impractical, as the Senator has defined that word in his colloquy,

the next step would be to move to Government agencies which could provide such service.

Mr. SIMPSON. That is correct.

Mr. JAVITS. Lastly, if it could not be done in either of those two ways, under those priorities—priority No. 1 being Government, and priority No. 2 being other government, in the third place, the agency might do it itself.

Mr. SIMPSON. There would be no other choice.

Mr. JAVITS. Instead of trying to wrestle with the language, I think that is the intent of the amendment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield.

Mr. MORSE. Senators are making a good legislative history as to the meaning, but perhaps we had better pause a moment and consider the language "on a contract basis" and make certain that we want to drop it. When the amendment reads, "to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis," how could one possibly make use of those services except on the basis of some contractual relationship with the Government. I think we have made the record clear that we do not mean "contract basis" in any narrow sense; but we certainly want the Government to enter into contracts with businesses and private entrepreneurs whenever it is found that it is practicable to have them do specific work. How else would they do it except on the basis of a legal arrangement with the Government? We could not find a better term than "on a contract basis."

Mr. JAVITS. Mr. Chairman, will the Senator from Wyoming yield?

Mr. SIMPSON. I yield.

Mr. JAVITS. I was concerned about the words "on a contract basis" as being words of art. The Senator has explained that they are not words of art.

Mr. MORSE. They are not.

Mr. JAVITS. We are standing here, somewhat ad hoc, and assuming that that is so. What concerned me was that when the Government lawyers interpreted the language, they might say, "We are sorry, but these words, in this section, mean so and so." Therefore, I was trying to make clear the Senator's intention, so that when the bill went to conference, and assuming the amendment was approved, the conferees would understand what the Senate intended—that we were not running afoul, and, therefore, could reach an agreement.

Mr. MORSE. I believe the legislative history has been established. My only difficulty was concerning the elimination of "on a contract basis." I did not know what the Government lawyers might assume that to mean. They might say that it did not leave them any modus operandi or any vehicle, since we had eliminated "contract basis"; therefore, their interpretation might be that they could not enter into a contract.

What is intended is to enable the Government to enter into a contract, but not in the limited, artistic sense to which the Senator from New York just referred. I think we have cleared that point in the legislative history.

My recommendation would be to leave the language "on a contract basis" in the amendment and let the legislative history speak the intent.

Mr. SIMPSON. I thank the Senator from Oregon. The feeling was that there would have to be a legal arrangement; and, of course, these are not words of art, as has been disclosed. The feeling is that whatever legal arrangement was made, it would naturally have to be on a contract basis. I suppose nothing would be gained by leaving the phrase out or in; but, by the same token, I would want to have in the amendment words that the committee would sanction.

Mr. FULBRIGHT. With this history, I do not see that the amendment is objectionable. Certainly some kind of agreement or contract would be needed. "Contract" used in that sense is a broad term, whether it be reduced to formal writing or be a verbal contract.

The main point I wished to make was that the agency would not be forced to pay twice as much to get an expert to advise it or to prepare a design for an irrigation or reclamation project, when one was available in the Government.

Mr. SIMPSON. I assure the Senator from Arkansas that my intention was the same as that of the committee—merely to bring unity into the act.

Mr. FULBRIGHT. Some of the scandals which have occurred in the past and which came to the attention of Congress arose, unfortunately, from contracts with American contractors, as in Saigon, and other places. The contracts did not reflect much credit upon the private contractor. They are not always without blame; they take advantage of the Government abroad as well as at home. So this amendment would not be a cureall for the whole program.

However, with the explanation that has been made, I am perfectly willing to accept the amendment. I think the Senator is emphasizing a point which is agreeable with the sentiment of the committee.

Mr. BENNETT. Mr. President, if the chairman is willing to accept the amendment, should a request be made to withdraw the order for the yeas and nays?

Mr. SIMPSON. Mr. President, I ask unanimous consent that the order for the yeas and nays be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, are we to understand that when the amendment uses the words—beginning in line 11, on page 1, and continuing in line 1, on page 2—"are not competitive with private enterprise," the Senator from Wyoming construes them to refer to the phrase "to the fullest extent practicable," in regard to the use of private enterprise, as he has defined it?

Mr. SIMPSON. Yes.

Mr. JAVITS. Because otherwise the word "practicable" would not be effective in that connection.

Mr. SIMPSON. I fully agree.

Mr. JAVITS. I thank the Senator from Wyoming.

The PRESIDING OFFICER. The question is on agreeing to the amendment No. 308 of the Senator from Wyoming

[Mr. SIMPSON] to the committee amendment, as amended, in the nature of a substitute.

The amendment to the committee amendment, as amended, was agreed to.

QUALITY FOCUS ASKED IN AID

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to have printed in the RECORD an article in regard to the foreign aid bill being considered by the Senate. The article, which was written by Godfrey Sperling, Jr., and was published in the Christian Science Monitor, deals with an interview with Mr. Eugene R. Black, formerly president of the International Bank. The article is pertinent to this debate, and I ask unanimous consent to have it printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BLACK AINS VIEWS: QUALITY FOCUS ASKED IN AID

(By Godfrey Sperling, Jr.)

NEW YORK.—Eugene R. Black, one of the architects of the Clay advisory report on foreign aid, says "there is too much emphasis on quantity, the amount, and not on quality in foreign aid."

By "quality," the long-time president of the World Bank and now with Chase Manhattan as a director, means "making certain the aid is used for the proper project, that the project is selected because of priority of need, that the project is carefully engineered and studied before money is advanced."

However, he adds, "it would be very unfortunate if the amount (being asked for foreign aid by the administration) is reduced below what the Government asked for."

"Aid should not be given a country," he said in an interview, "when it is not willing to put its financial affairs in order." He continued: "A country should be willing to take steps to control inflation, undertake tax reform—to do its part."

The interview covered a wide variety of subjects, including how to speed collection of United Nations assessments, the balance-of-payments problem, and the domestic economy. Mr. Black is financial consultant to U.N. Secretary General U Thant.

AN EYE ON CONGRESSIONAL DEBATE

"Foreign aid, at best," he continued, "is only part of the effort to solve the problem of economic development. Countries, through their own efforts, must do much of the job themselves. They can't unless they put their financial affairs in order."

Here, undoubtedly with an eye on the current debate in Congress, Mr. Black said: "We would find less difficulty in getting foreign aid passed if we put the emphasis on quality."

He said that "most of the talk" in the past, in furnishing reasons for foreign aid, has centered on "preventing the spread of communism and making friends with nations." This approach, he says, "hasn't worked." Instead, he said, the focus should be primarily on doing a qualitative job.

This qualitative objective, he said, "can best be achieved through multilateral aid. I was happy to see that the Senate Foreign Relations Committee recommended that more aid should be channeled through multilateral organizations."

INTERNATIONAL APPROACH FAVORED

Mr. Black said that as much aid as possible should come through international organizations like the World Bank:

"That is the way to really do a job in developing the country—not [restricted] by political or commercial motives.

"If the World Bank makes a loan to a country, the country can ask for bids and make its own decision on who will do the work." This decision, he said, can be made without reference to what country gave the aid—but just on what bidder is best qualified to undertake and complete the project at the lowest cost.

"The primary objective of an international organization in giving aid," he emphasized, "is developing a country—not in selling goods of any one country or in political motives."

"As you know, there is quite a discrepancy between the House and Senate (in the foreign aid amount). It will be too bad if the findings of the Senate Foreign Relations Committee are reduced in any substantial way."

What of his job as financial troubleshooter for the U.N., where he was selected as special financial consultant last spring to speed collection of assessments from lagging U.N. members?

"What I've been doing is this," said Mr. Black. "I've made a very careful survey of the status of the different countries."

"I've been trying to collect from those in arrears, and there has been some success."

"However, I haven't come up with a solution to put the United Nations in good shape."

He said the main problems are political, the unwillingness of the Soviet Union and France to pay for the Congo operation, the unwillingness of the Arab countries to pay for the Gaza strip operation that followed Suez, and so on.

"This is not a lack of ability to pay assessments," he said. "It is political."

"However," he said, "I've been working at it (collecting). When money is due or overdue and not overdue because of political aspects, I am having some success."

Focusing on his collection problems, he said: "The trouble is . . . in the U.N. Charter . . . you don't have any punitive powers . . . only if a nation's arrearages amount to 2 years of accumulative assessments."

Detailing his problem, he said:

"Take a golf club: You don't pay dues for 2 years, and they would put you out of the club before the 2 years is out. Not in the U.N., you don't have to pay for 2 years. When arrearage amounts to 2 years' assessments, then this is what can happen:

"The nation will lose its vote in the General Assembly. But it won't lose its vote in the Security Council. It won't be thrown out of the U.N. And it still can talk all it wants."

"Also a country with quite a lot of accumulative arrearage can pay only a very little just before the amount reaches 2 years—and then stay in (the General Assembly)."

"If the U.N. could change this—so nations would have to pay up right away—it would provide a powerful [leverage]."

Referring to the \$200 million in bonds, Mr. Black said: "\$140 million have been sold . . . if the rest could be sold, it would be helpful in terms of the U.N. deficit." Of the U.S. agreement to match purchase of the bonds up to \$100 million, he said: "The other nations have only bought about \$70 million."

On other subjects, Mr. Black had this to say:

BALANCE OF PAYMENTS

"I think the Government is doing some constructive things to ease this problem. It is a serious problem. The Government is aware of that. It is employing various ways and measures in solving it. The Government must always be careful to watch the soundness of the dollar. I think this is one of the things to watch—the expenditures of the Government, how much you spend. Spending over our head will dilute the soundness of the dollar and aggravate the balance-of-payments problem."

"We must do everything possible to encourage exports. We have to, for we are in a competitive position. There can be a labor problem here, too: If labor is not willing to cooperate, we cannot be in a competitive position with the rest of the world when it comes to exports."

DOMESTIC ECONOMY

"The economy looks very favorable. An important factor, the auto business, is very fine. . . . people are optimistic about its continuing for a while."

"I think a lot of people feel if this business climate is to be sustained, a tax cut is important. . . . There has been so much talk about a tax cut, that, from a psychological standpoint, it would not be good if there were no cut."

"I think there will be a tax cut, perhaps this year, certainly by the next session of Congress."

"But [along with it] I think there should be a very determined effort to hold down on Government expenditures."

Financial study for projected supersonic commercial jetliner (for which Mr. Black was recently appointed special financial adviser to President Kennedy): "I haven't made up my mind. . . . It is proving an exhaustive study. . . . We have been calling on aircraft manufacturers, engine manufacturers, airline corporations, and various agencies in Washington. I am supposed to make a report to the President . . . but I haven't crystallized things yet. There are a whole lot of very serious problems in connection with this, money and other aspects. . . . The report may come from the President when it is made public. . . . It may come in the next month or so."

THE TAX BILL

Mr. FULBRIGHT. Mr. President, the tax bill now being considered by the Senate Finance Committee is one of the most important economic measures to come before the Congress in recent years. Since it is a matter which eventually will receive the serious attention of each Member of the Senate, I wish to call attention to a recent speech by the Honorable Henry H. Fowler, the Under Secretary of the Treasury. He began by asking three fundamental questions, which are basic to consideration of the proposed legislation. The questions he asked are:

First, is the national interest served by the enactment of a law substantially reducing the rates of Federal income taxes?

Second, should this rate reduction be a balanced one designed to increase both consumer purchasing power and direct investment incentives or be predominantly aimed at only one of these objectives?

Third, is the early enactment of the tax program likely to be more beneficial to the national economy than a later one next year?

I think the points Mr. Fowler brought out in answering these questions are very persuasive, and deserve careful consideration by all Senators, regardless of their views on the tax bill.

In connection with the tax bill, we have heard much discussion of the problems of controlling Federal expenditures. It is my conviction, and I am sure it is also Mr. Fowler's, that expenditure control will be far easier to achieve and maintain if we act promptly to reduce the level of Federal income taxes, which will, in turn, stimulate a better rate of economic growth. Mr. Fowler, in his speech, dealt with the need for prompt

action. He also dealt specifically with the administration's record and the administration's intentions for controlling spending.

On this point, I wish to quote from an editorial which was published in the November 2 issue of *Business Week* magazine. I commend the full editorial to Senators and other readers of the *RECORD* as a thoughtful treatment of a problem that concerns all of us. The editorial reads in part as follows:

There should be no mistake about one thing, however: The good intentions of the administration (and of Congress) on expenditure control cannot survive unless Congress passes the bill to reduce taxes. Secretary Dillon has been perfectly frank—and correct—in explaining why: If this country begins to slide down into a recession, the political pressures upon the Government to do something about high unemployment will compel Congress and the administration to increase expenditure programs. Inevitably some considerable part of these increases will become permanent fixtures in the budget. It is pointless to say this is a hypothetical argument; exactly that has happened time and again, under both Democratic and Republican administrations.

I ask unanimous consent that Mr. Fowler's speech and the *Business Week* editorial be printed at this point in the *RECORD*.

There being no objection, the speech and the editorial were ordered to be printed in the *RECORD*, as follows:

REMARKS OF THE HONORABLE HENRY H. FOWLER, UNDER SECRETARY OF THE TREASURY, AT THE 23d ANNUAL SYMPOSIUM ON ACCOUNTING AND TAXATION OF THE NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS, THE CAROLINA INN, CHAPEL HILL, N.C., SUNDAY, NOVEMBER 3, 1963

There is pending before the U.S. Senate the most significant piece of economic legislation in the last 15 years—the proposed Revenue Act of 1963. This bill passed the House of Representatives by a substantial majority on September 25. It embodies the principal recommendations of a tax reduction and revision program recommended early in January by President Kennedy to meet the leading economic problems of the past 6 years—chronic unemployment, under utilization of industrial capacity, inadequate growth, and continuing deficits both in our international balance of payments and in our Federal budget.

The bill would foster a more prosperous economy by loosening the constraints which the present Federal tax system imposes on our private enterprise system. Through a top-to-bottom reduction in the high income-tax rates imposed during wartime to restrain less essential consumption and investment, accompanied by some structural revision to broaden the tax base and remove some inequities, this bill is designed to release and encourage the inherent expansionary forces in our great private market economy. Instead of seeking to gratify particular groups of taxpayers with special tax preferences, the objective of this tax bill is to achieve the increases in jobs, wages, salaries, profits, consumption, investment in the United States, and Federal tax revenues that an invigorated private economy can provide.

Out of the debate of this legislative proposal three fundamental issues have emerged which I should like to discuss here tonight. They are:

1. Is the national interest served by the enactment of a law substantially reducing the rates of Federal income taxes?

2. Should this rate reduction be a balanced one designed to increase both consumer purchasing power and direct investment incentives or be predominantly aimed at only one of these objectives?

3. Is the early enactment of the tax program likely to be more beneficial to the national economy than a later one next year?

The first issue, whether the national interest is served by the substantial reduction of Federal income tax rates, is more realistically confronted in the perspective of both a backward and a forward look, before the last 6 months and beyond the next 6. Much more is at stake in deciding this question than a temporary economic pickup or averting an early recession. Our goal must be a sustained economic expansion which will produce jobs, income, profits, and tax revenue at a significantly higher level over the long-term future. What is at stake is the achievement of a higher normal level of economic activity than that which characterized the last 6 years.

Some will ask why must we do anything? They will say we seem to be doing fairly well, particularly in the last few months. The gross national product and industrial production and people employed are at an all-time high—along with the stock market, profits, plant and equipment expenditures and many other indexes of prosperity.

It is true that the short-term view is a somewhat pleasant one. Many individuals and businesses are comparatively well off, particularly if the situation is measured against some of the dark and uncertain periods of recent years. It is true that there is a clear prospect into the first months of next year for continuing upward movement, even after 32 months of expansion. This outlook is based upon such favorable factors as increasing business investment in plant and equipment, increasing consumer spending, in spite of a drop in retail sales in September, rising Government outlays in the fourth quarter, and a balanced and reasonable relationship between inventories and sales.

But the issue we are considering is not answered by a look at our particular personal or business picture of the outlook for some temporary additional improvement. The hard fact is that, even with the current economic advance setting new records in terms of gross product, sales and other similar categories, its pace and scale leaves the national economy with too many unemployed, too much unused capacity, too little investment and growth, a continuing imbalance in our international payments and Federal budgets, and a large and ever increasing gap between potential and performance. The truth is that our national economy has not been performing adequately, and as a nation we must do better.

Let us review the past and look into the future.

Unemployment has varied from 5 to 7 percent for more than 5 years, averaging 6 percent. Today unemployment has been reduced to 5½ percent. But that happened earlier in this economic expansion, and we have had to work hard to get back down to the present level. Five and a half percent is too high, and we must do substantially better. Today around 4 million Americans who are actively looking for work are unable to find it. During the year which ended last June 30 more than 1 million workers were added to the labor force, but 1 out of every 6 also joined the ranks of the unemployed. As the postwar baby boom hits the labor market, and it is just beginning to do so, the pressure to create more new jobs will increase with a flood tide of new young people entering the labor force. In addition we need to provide at least a million jobs

a year for those workers idled by technological advances. An additional million or more jobs will be required to bring unemployment down to our interim goal of 4 percent.

This problem is of great concern to the leaders of labor, to our mayors and governors, to our legislators and to business. W. P. Gullander, president of the National Association of Manufacturers, has estimated that if our economy keeps on producing jobs only at the level of recent years, by 1970 unemployment could rise to a staggering 12.7 percent. If there were no other consideration at all, the need to create additional jobs would make the tax program a matter of compelling urgency.

But there are other vital considerations as well. Our international balance of payments has been a cause for concern ever since 1957. The persistent large deficits in our balance of payments have led to a marked drain on our national gold stocks. This situation must not be allowed to persist because ultimately it could threaten the value of the dollar, which is the base for the free world monetary system. President Kennedy recently announced a new series of measures to cope with the balance of payments. He made it abundantly clear that the tax program is the vital element in any long-range solution of this problem. For a tax cut is needed both to sharpen American ability to compete with foreign goods in markets abroad and at home and to make the United States a more attractive place for the investment dollar to stay and be joined by a stream from abroad. These are the two means we should depend upon primarily if we are to bring our international payments into balance, without relinquishing our responsibilities for leadership in assuring free world security and development.

A third measure of our inadequate economic performance over the past 5 or 6 years is the deficit in the Federal budget. The Federal budget has had five deficits in the past 6 years—deficits which averaged \$6.3 billion a year. Those deficits were clearly the result of the failure of our economy to perform at its higher potential. Consequently, tax revenues failed to reach adequate levels, and a deficit occurred.

Only an economy, enabled by a new tax policy for growth to operate at or near full employment, with a rate of growth substantially exceeding the record of the past 6 years and the adoption of a firm national policy to hold down increasing Federal expenditures can wipe out this pattern of deficits and lead to a new era of balanced budgets and surpluses.

Finally, our national growth rate of barely 3 percent since early 1955 compares unfavorably with regular rates in Western Europe of 4 to 6 percent, and even with our own 4 percent trend in much of the period before 1955.

By almost any measure you choose, our economic performance over the past 5 or 6 years has been far from adequate. With the exception of the depression, no period in this century has witnessed such a persistent underutilization of productive resources in the United States.

The time is ripe for a wave of U.S. economic expansion closer to the recent rapid pace in Western Europe than to our own slack performance since 1957. Many long-term factors for growth are more favorable today than they have been in almost a decade. But, some determinative elements of long-term national policy remain to be fixed. It is quite clear that the unemployment and unused plant capacity and inadequate growth rate that have marked our recent past, and which we can expect in the period ahead if some new decisive initiative is not undertaken, will cause the country to take some kind of action. This Nation is de-

termined to move boldly and forcefully toward an economy with a more rapidly rising level of activity. We must choose how and when to do it.

Faced with a balance of payments problem that seriously limited the possibility of relying upon sharply decreased interest rates and greatly increased supplies of money and credit, President Kennedy in January offered his program of tax reduction and revision as the key element in the administration's economic program for the years immediately ahead.

This program and the 7-percent investment tax credit enacted in 1962 together with the administrative liberalization of depreciation were a package designed to eliminate an unduly heavy tax drag on purchasing power and demand—to provide new tax incentives for more investment and increased effort—to encourage the utilization of new technology and the provision of new facilities that would add to aggregate demand, capacity and competitive efficiency. It involves a basic restructuring of our tax system, a restructuring to be achieved mainly through the single most important tax reform—reduced rates. The adoption of this policy would be a giant step toward a tax structure which interferes as little as possible with the operation of the free market mechanism while supplying the revenues necessary to our national security and national public needs.

Chairman McNALLIS in opening the debate on the proposed Revenue Act of 1963 in the House of Representatives put the issue squarely. He said: "I am convinced that there are two roads the Government can follow toward the achievement of this larger and more prosperous economy. I believe we are at the fork of those two roads today. One of these is the tax reduction road. The other is the road of Government expenditure increases."

There is a vital difference between these two routes. To depend upon massive increases in Government expenditures as the primary reliance for a higher level of economic activity is to expand the role of Government in making and carrying out economic decisions. An ever larger proportion of the Nation's labor and money will be used directly by the Government. The Government's activities as a buyer, lender or donor will determine in larger and larger part the use of labor and capital even in the private sector of the economy.

The Federal Government has many appropriate functions in dealing with problems of employment and unemployment. For example, there is great need for both governmental action—Federal, State, and local—as well as private action, to meet the problems of structural unemployment—the fact that the locations, skills, education and training of available workers do not match the needs of employers. The Manpower Development and Retraining Act and the Area Redevelopment Act are responsive to this need.

But the declaration of policy in the Employment Act of 1946 directs that the Federal Government, in promoting maximum employment, production, and purchasing power, shall coordinate its plans, functions, and resources for creating and maintaining these conditions "in a manner calculated to foster and promote free competitive enterprise and the general welfare." I believe we all share the conviction voiced by President Kennedy last year when he said: "The free market is not only a more efficient decisionmaker than even the wisest central planning body, but even more important, the free market keeps economic power widely dispersed. It thus is a vital underpinning of our democratic system."

In any choice of fiscal policy between a primary reliance on massive increases in Government expenditures or a private econ-

omy invigorated by new tax measures as the way to a higher level of economic activity, we as a nation prefer to rely primarily on a more prosperous and efficient private economy initiating a larger and larger volume of economic activity under the stimulus of generalized tax incentives. The President in his tax message in January made his clear and unequivocal choice saying: "I do not favor raising demand by a massive increase in Government expenditures. In today's circumstances, it is desirable to seek expansion through our free market processes—to place increased spending power in the hands of private consumers and investors and offer more encouragement to private initiative. The most effective policy, therefore, is to expand demand and unleash incentives through a program of tax reduction and reform, coupled with the most prudent possible policy of public expenditures."

The passage by the House of Representatives of the proposed Revenue Act of 1963 is a firm, positive assertion of its preference for the tax reduction, private enterprise, Federal expenditure control road to a bigger, more productive economy.

If the opportunity to move down that road by enactment of that bill is passed up, then the likelihood is greatly increased that the economic problems of the past decade—which are the economic problems ahead for the sixties—will be met by a National Government that takes a role in our economy on a scale and a dimension never before undertaken by it except in times of all-out war or crash buildup for one.

There must be and is full recognition that, if the tax program is to attain its objectives, it must be carried forward as a part of a sound and consistent overall financial program. In particular, that program has two main elements: first, a substantial net reduction in Federal taxes, through a meaningful lowering, in several stages of tax rates on individual and corporate income from "top to bottom"; and, second, as the tax cut becomes fully effective and the economy expands in response, the allocation of a substantial part of the resulting revenue increases each year toward eliminating the transitional deficit.

The tax program, with related policies of expenditure control, debt management and monetary affairs, seeks to establish a financial environment suitable for the sixties, so that we can take full advantage of the gathering forces for economic progress inherent in our growing labor force, our unprecedented expansion in research and development, and the new market opportunities that exist at home and abroad.

The Joint Economic Committee of Congress has estimated that a \$10 billion tax reduction such as the President proposed would increase our gross national product by approximately \$40 billion in the years just ahead over what it would be under the present tax structure. It would add an extra layer of growth onto what we could expect from existing arrangements.

It has been estimated that such an addition would create somewhere between 2 and 3 million new jobs.

Increased job creation will be a continuing, rather than a single-shot effect of the tax program designed as it is to create a healthy environment of sustained demand and investment incentives conducive to a full employment economy. Through the interaction of investment, demand, and profits, the tax program will foster an upward spiral of economic activity which will generate new and sustained vitality. The result will be not merely 3 million jobs but a continuing high level of job production resulting from an economy operating at full potential.

The early enactment of a law substantially reducing the rates of Federal income taxes

has been strongly endorsed by a broad cross section of the leaders of business and labor, by financial leaders at home and abroad, some 42 Governors, and by a long list of the most distinguished economists in our universities. After months of public discussion in the press and other media, the proposed Revenue Act of 1963 was approved by a very substantial majority of the House of Representatives.

In sum, there is a national consensus that the national interest is served by the enactment of a law substantially reducing the rates of Federal income taxes.

II

This brings us to our second issue: namely, should the tax rate reduction program so widely endorsed be a balanced one designed to increase both consumer purchasing power and direct investment incentives or be predominantly aimed at only one of these objectives.

You all know the poem about the different descriptions given by six blind men each of whom had grabbed hold of a different part of an elephant. The public discussion about the kind of a tax cut contained in the bill as it passed the House is like that: you'd never think people were talking about the same tax bill. This is particularly true of the issue of how the tax reductions should be divided. Some think low income taxpayers get too much, others too little. Some think the upper income taxpayers should get more, others less. Many who argue that the low income taxpayers should get a larger share of the reductions say that tax cuts for corporations and individuals in the upper and middle income brackets are wasted because the way to increase investment and jobs is to increase consumer purchasing power. Conversely, many who argue that upper or middle income taxpayers and corporations should get a larger share say that tax cuts for those in the low income brackets are wasted or will provide only a one-shot stimulus and that the way to increasing growth is to increase direct incentives to investment.

One of the chief virtues of the tax bill now before the Senate Finance Committee is that it incorporates the constructive advice of both sets of critics but rejects their "whole hog or none" approach. The result is that it is a soundly balanced bill—one purposefully designed to provide both additional consumer purchasing power and direct investment incentives.

The short answer to these critics of the mix of tax reduction in the bill is that both approaches interacting together will achieve a more dynamic and healthier economy than would result from a reliance upon one method to the virtual exclusion of the other.

The bill provides a substantial stimulus to consumer purchasing power. Of the reductions to individuals, amounting to \$8.9 billion, it is reliably estimated that about \$8 billion will be spent on additional consumption. These expenditures will set in motion the familiar economic process in which money circulates throughout the economy and ultimately increases consumer spending by several times the amount of the initial tax cut—the so-called multiplier factor. That strong and sustained rise in consumer demand—and thus in markets and profits for industry—will further bolster the direct tax incentives to investment.

The estimated difference between the amount individuals receive and consume, approximately \$900 million, will go into investment or savings. This sum and a \$2.2 billion reduction going to corporations, when added to last year's investment credit and revised depreciation guidelines which reduced tax liabilities of corporations and unincorporated businesses by \$2.5 billion, con-

stitute a substantial program of direct incentives to investment totalling \$5.6 billion per annum. Much of this amount will be invested. Besides, the incentive of lower tax rates is likely to draw additional moneys from other savings into investment in job producing facilities and services. Thus the operations of these direct investment incentives will add to the total of consumer purchasing power in the hands of additional jobholders, suppliers, et cetera. This process adds what the economists term an accelerator effect to the processes of growth that will flow from the tax program.

The interaction of these two facets, with the one aiding and abetting the other, is of vital importance.

This balance of \$8 billion of tax reduction for consumption and approximately \$5.6 billion for direct investment incentives was adjudged to be appropriate by the House Ways and Means Committee after hearing most of the same witnesses now appearing before the Senate Finance Committee make the same points. This two-pronged character or balance in the tax program is perhaps the most important and most overlooked aspect. It is likely to be the decisive factor in assuring that the program finally adopted will not substantially alter the balance arrived at and will include both a stimulus to consumer purchasing power and direct investment incentives.

To those critics of the present bill who would eliminate or sharply reduce tax cuts for taxpayers in the relatively lower income brackets—say below adjusted gross incomes of \$10,000—the answer must be that they account for close to 85 percent of all taxable returns and are likely to put a large part of their tax savings into the spending stream. In other words, this is where the customers live. Under the current bill they get nearly 60 percent of the overall individual reduction, with their share of the load being decreased from 50 to 48 percent.

To encourage investment in job producing facilities, strengthening of consumer demand is required. The purchasing power of the consumer must be increased to utilize present productive capacity fully so that additions to productive capacity will be worthwhile. Of course if the economic situation were different—if all of our economic resources were fully employed—strengthening of consumer demand might not be as important as it is today. But we do not have a full employment economy and we are not utilizing existing productive capacity to make sufficiently inviting the provision of additional capacity for old products or the new capacity for new products that would make for a more dynamic economy.

For example, even though the Nation is enjoying a recovery and expansion that has already lasted 32 months, average operating rates in manufacturing have not reached a point of providing either the rate of utilization that would trigger the scale of expansion we need or the rate of profits that would invite it. In that time average operating rates for manufacturing have gone from 77 to 87 percent of capacity but production is substantially below the 92-percent average rate considered as normal by business itself.

Most of the increase in capacity utilization occurred in 1961, with very little improvement since the beginning of 1962. From the first quarter of 1962 to the third quarter of 1963 the average rate of utilization of plant and equipment in manufacturing rose from about 85 percent to about 87 percent of capacity. Although after-tax profits have risen approximately 40 percent, from \$19.2 billion to \$26.8 billion in this recovery, they are still short of the \$30 billion a year that would be earned if the Nation's present facilities were operating at what would be considered normal capacity utilization.

But consumer demand is not the whole story. A direct stimulus to investment is also needed. While it is true that if a sufficiently strong increase in consumer demand is provided this will increase investment through "demand pull," it is equally true that a more dynamic and healthy expansion in investment will come from a combination of increasing consumer demand and direct investment incentives.

Characteristically, those who are critical of the inclusion of a corporate tax cut and reductions in the rates of those whose adjusted gross incomes exceed \$10,000 per annum argue that business has plenty of cash and credit available today and there is no need for more direct investment incentives.

This prompts a closer examination of why it is desirable to provide direct incentives to investment through tax reductions in addition to those reductions which provide a significant increase in consumer demand. Let us consider for a moment the problem of an individual, a partnership, or a corporation deciding whether to make an investment in new plant or equipment or the provision of services.

Anyone facing an investment decision considers two things above all: First, the nature and period of risk involved in the investment; and second, the likelihood of a favorable return. The decision of a board of directors will not be determined merely by consideration of the extent to which total personal income next year is likely to exceed the current figure. Certainly demand will be important to them, for no one expects to invest in order to produce when there is no expectation of having a market for one's products. And certainly the effect of demand on the overall economic outlook is a matter which will be given serious consideration in making such a decision.

But one of the vital factors in any marginal investment decision is the rate of return—the increase in after-tax income in return for a given outlay in investment. This is where the direct stimulus to investment provided in the current tax program will play an important part. In combination with last year's 7-percent investment credit and depreciation reform, the proposed reduction in the corporate tax rate from 52 to 48 percent, together with the liberalization of the credit, would increase the after-tax profitability of new investment in 10-year assets, for example, by an estimated 35 percent. That, I submit, is a fact which will weigh very heavily in any investment decision. These considerations apply not only to expansion of capacity to make standard products and new capacity to make new products, but also to the modernization of existing facilities to provide existing products on a more efficient basis.

In 1956 and 1957 business fixed investment averaged 11 percent of total output. Since that time it has fallen to roughly 9 percent. Since 1957 the rate of increase in our stock of business plant and equipment has risen by less than 2 percent a year, compared to 4 percent a year in the first postwar decade. Furthermore, there has been a disturbing rise in the proportion of our machinery and equipment which is more than 10 years old. Corporate profits and the ratio of expenditures on plant and equipment to gross national product have been below previous postwar levels. Our rich store of research and development has not been joined to capital and labor to produce the explosion of new products, services, and jobs of which the Nation is capable.

Moreover, critics of the tax bill on the score that it includes direct incentives for investment when business has adequate or more than adequate funds to finance new investment ignore several important points. The tax bill does not afford a cash flow increase to much of the corporate sector. Simultaneously with the rate reduction it requires

corporations with incomes in excess of \$100,000 to initiate a tax payment schedule whereby they will be making their tax payments current by 1970. In the interim, although their tax liabilities will be reduced as a result of the corporate rate reduction, these larger companies will not have the benefit of an increased cash flow as a result of the corporate rate cut.

More significantly, the critics ignore the fact that despite the general availability of money in corporate treasuries and credit in the capital market for large companies for investment needs, many small firms simply are not in a position to take advantage of investment opportunities by borrowing. These smaller companies must finance their expansion and modernization for new ventures out of their own internal financial resources. They very much need the increased cash flow of the rate reduction for corporations.

Indeed, they need more than the mere reduction of the overall corporate rate from 52 to 48 percent provided by the bill. For that reason the new bill contains a provision providing immediate and substantial investment incentives to smaller corporations. For 1964 the present normal tax of 30 percent, applicable to the first \$25,000 of taxable corporate income would drop to 22 percent. Thus an immediate tax reduction of almost 27 percent would be provided for 467,000 small corporations in the United States with earnings of less than \$25,000 per year. The entire tax program including this change would provide a 17.9 percent reduction in an additional 54,000 corporations whose incomes were less than \$50,000 and a 9.5 percent reduction for the 25,000 companies whose incomes were less than \$100,000.

The critics of reductions in individual tax rates of those with adjusted gross incomes in excess of \$10,000 should remember that of the 11 million businesses in the United States, 10 million are sole proprietorships or partnerships and many are established and operated by individuals in these higher brackets. These are the people who would be most likely to invest tax savings in the business or businesses which they are operating, which in turn might provide more jobs or facilities.

A second major reason for direct investment incentives is the characteristic lag of indirect investment stimulus resulting from "demand pull." In other words, demand has to make itself felt in the economy and in the particular sector of the industry in question before it will significantly affect investment decisions. Then, there is the further delay for investment decisions to be translated into reality. If there were any possibility of inflation in the tax program reducing the stimulus to investment would greatly exaggerate it. Price increases are most likely to occur when demand outstrips production and the utilization of efficient capacity. If production and the quantity of efficient capacity expand to keep pace with demand, the danger of inflation is kept at a minimum.

Third, direct tax incentives will affect favorably our balance of payments. To the extent they encourage modernization and new products they enhance our ability to compete at home and in the export market and thereby maintain or expand our trade surplus. It is equally important to our balance of payments to increase the attractiveness of investment opportunities in the United States. These are important because capital outflows for long-term private investment abroad represent a significant part of our balance-of-payments deficit.

Finally, one of the most overlooked aspects of creating a sustained economic expansion is the need to utilize the fruits of new technology in the form of new products or the adaptation of existing products to

new markets. Increasing the profitability of new investment is the most effective way to make more attractive the investment decisions which are not being taken today. It is the most effective way to make the submarginal project of today the supermarginal project of tomorrow. It is the most effective way to maximize the benefits of the tremendous technological, educational, and human resources of the United States. As new techniques and new products are developed and as new markets are opened up new demand will be created, new investment will be fostered, and new jobs will be available that would never have been available otherwise.

This then is the crux of the situation. We must have a stimulus to expansion that is continuing, self-sustaining, and self-reinforcing. Neither direct investment incentives nor increased consumer demand will do the job alone as well as the two joined together. A combination of the two will interact in such a fashion as to foster an acceleration of economic activity, which should continue for years to come to produce jobs and raise output more effectively than the same amount of tax reduction devoted solely to either investment or consumer demand.

III

This brings us to the third issue—whether the early enactment of the tax program is likely to be more beneficial to the national economy than a later one next year.

Many favoring tax reduction in the abstract feel that it should be enacted only in the context of fiscal responsibility, and deferred until there is convincing evidence of accomplishment in the control of the increase in Federal expenditures and the reduction of deficit financing.

In fact an effective program of expenditure control is well underway and convincing evidence of accomplishment is already at hand:

1. According to the Director of the Budget, the need for continuing expenditure increases for defense has just about ended and will soon taper off on space programs, which together with interest on the debt, have accounted for more than 70 percent of the budgetary increase from fiscal 1961 through fiscal 1964.

2. Since proposing the tax program in January the fiscal 1963 deficit has declined from an estimated \$8.8 billion to an actual \$6.2 billion—and two-thirds of that decline resulted from lower expenditures.

3. In proposing the tax program last January, the President budgeted less for the civilian sector of the 1964 budget (excluding defense, space and interest) than in the previous year—only the third time that has been attempted in 12 years, during a period in which population has increased and State and local government spending has grown at a rate averaging more than 15 percent a year.

4. Fiscal 1964 expenditures are currently estimated at \$1 billion below last January's estimate. In the first 3 months of the fiscal year 1964 (July through September) expenditures in the civilian sector of the Federal budget were \$107 million less than the same quarter last year.

5. This September there were 242 less regular civilian Federal employees on the payroll in the executive branch than in September last year.

6. Chairman CANNON, of the House Appropriations Committee, has observed that new appropriations may aggregate less than last year's total—the first time that will have been done in some years.

7. As for the fiscal year 1965 and following years, the President has assured the Congress that he intends to maintain a tight rein on expenditures and that a substantial part of the tax revenues from economic expansion will be used to reduce the budgetary deficit until balance is reached.

8. On this basis—and barring an unforeseen slowdown of the economy or international contingency—the President expects to submit a budget for fiscal 1965 with a deficit less than presently forecast for fiscal 1964, despite the fact that the second stage of the tax reduction will have gone into effect and that the revenue loss from tax reduction in 1965—before feedback—will be \$5 billion greater than in 1964.

9. The House of Representatives has emphasized these factors by specifically including in the bill as section 1 a declaration of policy which reads as follows: "It is the sense of Congress that the tax reduction provided by this act through stimulation of the economy, will after a brief transitional period, raise (rather than lower) revenues and that such revenue increases should first be used to eliminate the deficits in the administrative budgets and then to reduce the public debt."

The President endorsed this statement before the vote.

These facts, plus the even more fundamental one, that expenditures can never exceed the amounts actually appropriated by the Congress—which controls the Nation's purse strings—makes it difficult to justify postponement of a final Senate vote on the tax bill for an alleged lack of evidence of an expenditure control policy.

This is particularly true in the light of the cogent reasons for an early and prompt disposition of this particular piece of legislative business.

The economy is still expanding, but there is still a large gap of unused manpower and capacity. The economic climate is good. In this setting the enactment of the tax program now would maximize its effectiveness in achieving its initial purpose—to move the economy to full employment and a more effective utilization of all our resources—particularly our increasing human resources.

To wait until some later time and risk joining the tax cut to a receding or leveling economy is to put it to its appointed task under adverse circumstances. The overriding purpose of the tax program is not to arrest a recession but to move an advancing economy into a scale and pace commensurate with its responsibilities and our national needs.

If the tax program is an effort to remedy the withdrawal from the private economy of too much of the Nation's substance in the form of taxes, to lift the tax drag, and to restore some needed incentives for job-creating investment, the sooner the remedy is applied the better.

If, in addition to its long-term objective, the enactment of the tax program is viewed as antirecession insurance, the time is ripe for taking out that insurance. The patient is well and insurable, but he is moving into a vulnerable period of his life. By next April 1, it will have been 37 months since the end of the last recession. If the economy is still advancing, it will be the longest peacetime recovery in the century with the exception of the 1933-37 pullout from the great depression.

So on either premise—that the economy will continue to expand or begin to contract—the earlier the enactment of the tax program the better.

Another time factor is the need to achieve, as soon as possible, an equilibrium in our international balance of payments. Continued deficits in our payments situation, with their potential drain on our gold supply and threat to the role of the dollar as the principal reserve currency, provide a compelling reason for prompt action on the tax program. The net outflow of long-term investment (\$2.5 billion) in 1962 was the single biggest source of disequilibrium. A rapidly expanding economy, sustained by a tax cut, would attract investment dollars from domestic and foreign sources, sharpen

our competitive edge and opportunity for an increasing trade surplus, and free up our monetary tools for use in event interest rate differentials trigger further outflows.

Delay in the passing of the tax bill may mean more than missed opportunities; it may do positive harm. The tax program has become the leading psychological factor in the world of business and finance. It is viewed, rightly or wrongly, as the touchstone for progress and the element of promise for the long-term future. Business expansion and consumer buying in a large measure reflect confidence in the future. Expectations of the enactment of the tax program have become a built-in factor in the hopes and aspirations of the business and financial world. To frustrate those expectations by delay and doubts as to the future passage of the bill entail serious economic risks that may ensue from diminished confidence.

The answers to the three questions with which we began, then, are:

Yes, the national interest would be served by the enactment of a law substantially reducing the rates of Federal income taxes.

Yes, this rate reduction should be a balanced one designed to increase both consumer purchasing power and direct investment incentives.

And, yes, the national economy is far more likely to be benefited by an early enactment of the tax program than by a later one next year.

You may well have anticipated these conclusions. To me, they seem to be compelled by the fact that tax rates are too high, by the logic of the economic situation, by the need for expansion and long-term growth to meet the needs of our people, by our fiscal circumstances with budgetary deficits resulting from inadequate economic performance, by our determination to control Federal expenditures, and by the discipline of our balance-of-payments deficit. I trust that you will be persuaded by this logic of events and circumstances that has moved the administration to these conclusions and that you will agree.

[From Business Week magazine,
Nov. 2, 1963]

SPENDING CONTROL AND THE TAX CUT

Four months of fiscal 1964 have already gone by, and Congress still hasn't finished work on this year's budget. Meanwhile, the administration is deep in the toils of working out the fiscal 1965 budget, which the President must submit in January.

In order to increase congressional support for its program to cut taxes, the administration has committed itself to a course of intensive expenditure control. But a number of key Senators insist that they want to wait to see the actual numbers in the administration's fiscal 1965 budget, before they will consent to go along with the \$11.1 billion tax cut bill (to take effect over a 2-year period) that has already cleared the House.

To the administration's credit, it should be said that it is making a genuine effort to hold a tight lid on expenditure increases. The current, fiscal 1964 budget will probably wind up with expenditures totaling some \$97.7 billion, more than \$1 billion lower than was estimated last January. The fiscal 1965 budget—which Treasury Secretary Dillon had estimated only a couple of months ago would reach \$102 billion—now promises to be a couple of billion dollars lower.

This new emphasis on economy in the Government is thoroughly healthy. It is high time the administration got serious about checking the growth of Federal spending and recognized that big annual boosts in Government outlays may be inimical to the national interest rather than synonymous with it. The holddown in Government

spending is compelling the administration to make some choices, however painful that may be, on which programs are really essential to the Nation's security and welfare and which are expendable.

The holddown will force the administration to restudy and cut back programs that may have some vote-catching virtue but no other; it may force officials to run desirable programs more efficiently; and it will compel the administration to rethink certain programs that have run on inertia—as in the case of foreign military and economic programs—though international circumstances have changed profoundly since the programs were launched.

After 4 years of big annual boosts in Federal outlays—years that have seen budget expenditures climb by more than \$20 billion from \$76.5 billion in fiscal 1960—it is more than time to curb the growth of total outlays and carefully rework the composition of the Federal budget. This now seems a good prospect for the coming year.

There should be no mistake about one thing, however: The good intentions of the administration (and of Congress) on expenditure control cannot survive unless Congress passes the bill to reduce taxes. Secretary Dillon has been perfectly frank—and correct—in explaining why: If this country begins to slide down into a recession, the political pressures upon the Government to do something about high unemployment will compel Congress and the administration to increase expenditure programs. Inevitably some considerable part of these increases will become permanent fixtures in the budget. It is pointless to say this is a hypothetical argument; exactly that has happened time and again, under both Democratic and Republican administrations.

THE REAL CHOICE

It has been difficult for Secretary Dillon to make this point without seeming to forecast an imminent recession, which he has not done. His critics keep making what they think is a bright point. "Do you want this tax cut for growth or do you want it to stop a recession?" they ask. This is not so smart as it sounds. There is no either-or about wanting the tax cut both to stimulate more rapid economic growth, and as protection against frequent recessions. Any reading of our recent economy history will show that growth has been too slow (hence we have had chronic unemployment) and our progress has been broken by too frequent business dips.

The proposed tax cut is not a one-shot antirecession needle. On the contrary, it constitutes an important reform of our fiscal structure. The trouble with that structure—as economists as politically diverse as Walter W. Heller and Arthur F. Burns agree—is that it siphons off too much money to the Federal Government as business expands, tending to check and slow down the growth (of cause abortive recessions) before we achieve full employment.

The tax structure and the expenditure side of the budget must be weighed together. Changing the tax structure in its relation to that level of Federal spending that the Nation really needs will remove hobbles from growth and simultaneously lessen the likelihood of recessions. The tax bill should be passed before Congress adjourns, lest it get fouled up in election-year politics next session—and lest (this does remain a possibility) it come to late to forestall the next recession.

At the same time, Congress should get busy and complete its action on the expenditure side of the budget. It cannot solve the expenditure control problem by Fabian tactics of delay or by passing the buck back to the administration. If Congress will simply use its head—and make up its mind—the United States can have the budget and

fiscal program it needs for a sustained run of prosperity. This means both expenditure control and a tax cut.

IMPORTANCE OF THE UNITED NATIONS

Mr. PROXMIER. Mr. President, I wish to refer briefly to an article on the United Nations which was published today in the Washington Post. The article was written by Roscoe Drummond.

Many Senators have received anti-United Nations letters. The sentiment in my State is far from unanimous in support of the United Nations.

In the article, Mr. Drummond has pointed out that the Soviet Union has been far from winning one victory after another in the United Nations. I quote briefly from this fine article:

Bear this fact in mind above all others: The United States has never been on the losing side of a single substantive U.N. resolution except when the Soviet Union and the United States were voting the same way. The Soviets have lost most of the time.

On the United States and world leadership—no successful American political leader suggests that the United States can retreat into isolationism and let the world go hang. They know we'd hang with it. Nor can the United States pull out of the U.N. and expect to pull down the U.N. with it. This would do nobody any good except the Communists.

Mr. President, I ask unanimous consent that the entire article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

OPPOSITION TO THE U.N.: SOME FACTS ARE OVERLOOKED

(By Roscoe Drummond)

MINNEAPOLIS.—There is a bright British musical revue playing in New York with the wistful title: "Stop the World, I Want to Get Off."

Quite an attractive idea, if it would work. During the past 10 days I have been talking to—and with—a number of different audiences in the Midwest and it is evident that quite a few Americans would like to stop the United Nations so that the United States could get off. Or, to put it another way, would like to see the United States get out of the United Nations in the hope that this action would bring the U.N. to a stop.

I am not suggesting that most Americans want to see the United States leave the United Nations or want the U.N. to leave the United States. But there are enough questions which suggest approval of the idea to make it useful to look at the premises on which the question is based. The premises appear to be these:

That the personnel of the U.N. is dominated by Communists.

That the Communist nations are able to use the U.N. for their purposes far more effectively than we can use it for our purposes.

That the United States could do better if we quit and left the U.N. to its own devices. What are the facts?

On personnel—The authority of the Secretary General in carrying out the voted decisions of the U.N. is decisive. No subordinate official can veto his actions. The only Communist official at a high level of the U.N. is the Under Secretary for Security Council Affairs, Mikhail Suslov. The Under Secretary for Political Affairs is Ralph Bunche, an American. Each of the big powers has a veto over any Security Council affairs.

The Communist nations actually have fewer nationals in U.N. civil service than their representation justifies because they do not offer qualified people to fill them. The Birchites, for example, circulate a memorandum showing the number of Communists working for UNESCO, but overlook the fact—if they know it—that the Communists have half the number to which they are numerically entitled—for fewer than the United States or Britain.

On U.N. policy—from the the U.N. defense of South Korea to the latest resolution on Angola and Portugal, the Soviet Union has continuously failed to mold U.N. policy to suit the Kremlin.

It opposed the election of Dag Hammarskjöld as Secretary General—and lost. Initially it opposed the election of U Thant. When it finally had to accept Mr. Thant, Premier Khrushchev sought to impose a Soviet veto on the independence of the Secretary General—and lost.

Many times the Soviet Union has sought to take over the leadership of the African nations at the U.N. in order to use them for Kremlin purposes—and has lost.

Bear this fact in mind above all others: The United States has never been on the losing side of a single substantive U.N. resolution except when the Soviet Union and the United States were voting the same way. The Soviets have lost most of the time.

On the United States and world leadership—no successful American political leader suggests that the United States can retreat into isolationism and let the world go hang. They know we'd hang with it. Nor can the United States pull out of the U.N. and expect to pull down the U.N. with it. This would do nobody any good except the Communists.

The United States would lose much of its influence nearly everywhere in the world, including the nations which have received their independence since the end of the war. We would simply be throwing many of them into the arms of the Kremlin.

DANGER OF AID TO RUSSIA

Mr. PROXMIER. Mr. President, there was published this morning in the Washington Post an interesting article by the distinguished columnist Joseph Alsop. The article is entitled "The Big Non-Events." In the article, Mr. Alsop points out that it was anticipated, on the basis of many statements and developments, that this year in Russia there would be a curtailment of the use of resources for military purposes, combined with a release of resources for investment in the economy, particularly in agriculture; but he points out that these events have not occurred, and that, quite the contrary has occurred. He points out that the heating up of the situation in regard to Berlin is about the last thing Russia would do if she were about to curtail her armed forces budget.

Therefore, I believe the officials of our Government should think long and hard about the wisdom of selling American products at subsidy prices to the Soviet Union—whether they be wheat or dairy products.

I ask unanimous consent that the article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE BIG NON-EVENTS

(By Joseph Alsop)

What has not happened in Moscow is suddenly being discussed with mounting inter-

est in the small community of professional students of the Soviet Union.

The point is that last summer, for once in a way, the immediate direction of Soviet development seemed to be quite easily predictable. A great though still obscure political crisis in the Kremlin, undoubtedly marked by challenges to Nikita S. Khrushchev's authority, had ended in the spring with Khrushchev more firmly in the saddle than ever before.

Khrushchev had then used his authority to enforce acceptance of a nuclear test ban, on terms the Soviets had always before refused with loud indignation. His primary motive, beyond doubt, had been to create an atmosphere of relaxing tension, and thus to prepare the way for the revision of investment priorities—less resources for the armed forces and more for agriculture, for instance—which had been one of the subjects of dispute in the winter crisis.

Hence two kinds of development were being forecast last summer with much more confidence than usual. First, changes in the Soviet Defense Ministry, perhaps even including the dismissal of the Defense Minister, Marshal Rodion Malinovsky, were considered as all but inevitable.

Malinovsky was known to have been one of those who challenged Khrushchev in the winter crisis. In the Soviet Union, unsuccessful challenges of this type have their almost automatic penalty. And the need was obvious, too, for Khrushchev to bring the military hierarchy under more absolute control, in order to prepare for the second widely forecast development.

This was the radical revision of investment priorities, which the Soviet leaders so obviously need to make, in order to improve the declining Soviet rate of economic growth and "get Russia moving again." The main bottleneck being agriculture, the massive release of resources for investment in agriculture was the obvious first step. And no such release was possible, except at the expense of the armed forces.

During the summer Khrushchev himself virtually spoke of the revision of investment priorities as an accomplished fact. He positively boasted that he was withdrawing from the race to put men on the moon. More important, he talked quite openly of his intention to increase Russian artificial fertilizer output from the present level of about 16 million tons per annum to the staggering total of 35 million tons per annum.

By now, however, these crucially significant, universally expected developments were beginning to look like the big non-events of 1963. Some time ago, dates were actually being given in Moscow for a special plenum of the Central Committee of the Soviet Communist Party, to discuss the fertilizer program, and for a second plenum to discuss the general problems of Soviet agriculture.

Dates are no longer being given, however, and there are no signs to indicate that the first plenum will surely be held, as originally suggested, at the end of November. Concurrently, there are no signs of the kind of preliminary reductions in Soviet defense spending, which might be expected prior to a sharp shift in the investment pattern.

Indeed, the recent incidents on the approaches to Berlin point in another direction. You do not heat up the political climate again, as the Soviets have now done, if you are just about to cut your defense budget rather massively. Nor do you talk about the altered political climate in the bellicose terms Khrushchev recently used when he received an American business group in Moscow.

All this means, rather plainly, that the decisions which seemed to have been firmly taken last summer are instead still under discussion—and probably under quite bitter

discussion—in the Kremlin. It may be that the discussion will be abruptly terminated, and the Central Committee plenum will take place as originally scheduled before November ends.

Yet the mere fact that the debate is apparently continuing is significant in itself. It highlights the extreme painfulness of the choice the masters of the Soviet Union could no longer avoid. On the one hand, in order to achieve an adequate rate of economic growth and to solve their food problem, they must break decisively with the sacred tradition of absolute first priority for the armed forces.

On the other hand, if they put the sacred tradition ahead of their practical needs, they must prepare for a gradual return to conditions resembling those that prevailed in the time of Stalin.

SUPPORT OF DAIRY LEGISLATION

Mr. PROXMIRE. Mr. President, the Wisconsin Agriculturalist & Farmer—one of the finest agricultural publications in the country, and it has a national circulation, and is widely read by agricultural experts—enthusiastically supports the dairy bill which was passed by the Senator, and also supports the McCarthy amendment to that bill, which I hope will be adopted.

I ask unanimous consent that an editorial entitled "We Support These Dairy Bills," which was published in the Wisconsin Agriculturist of September 7, 1963, be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WE SUPPORT THESE DAIRY BILLS

Two dairy bills in the Senate deserve careful study. The dairymen's excess base plan would apply to Federal market order areas. The bill was introduced by Senator WILLIAM PROXMIRE, Democrat, of Wisconsin.

The program would work like this. A majority of producers in a milk order area would have to approve the plan. If approved, each producer would get a base.

The base would be the producer's historical average percent of the class I (bottle milk) market. The last 3 years average is being talked about now. Newer milk order areas would have to be based on fewer years.

A producer could sell any amount of milk. He would be paid class I price for his class I base. There would be no more blend price.

The producer would get a lower price for milk in excess of his base. At present this would be at about support level.

WOULD DISCOURAGE EXCESS MILK

Purpose behind the program is to discourage excess production. At first producers who have been expanding rapidly might get a little less total for their milk than now. But as the plan discouraged excess production, it should soon mean bigger milk checks for all dairymen.

There's another big advantage to the program. It wouldn't add any additional tax load to taxpayers.

The plan deserves full support; we're for it. The second bill was introduced by Senator EUGENE MCCARTHY, Democrat, of Minnesota. The McCarthy bill would also set class I milk bases for each producer in Federal market orders. Then the Secretary of Agriculture would set a quota for each producer. The quota might be more than the class I base for producers in order areas. It couldn't be less.

Compliance would be voluntary. If a producer kept to his quota, he would receive 50 cents a hundred Government payment. If

he reduced production below his quota, a producer would get \$2.50 for each hundred pounds he reduced his sales.

MCCARTHY says that his dairy bill would cut the surplus in half, save \$37 million in taxes to support milk prices and raise farm income \$150 million.

No question that most dairymen would be better off taking the \$2.50 and reducing production.

The McCarthy bill uses much the same idea as the present feed grain program. It is a sound approach.

The two Senate programs are not opposed to each other. They could work hand in hand. The first would put milk pricing on a more realistic basis. It would give price discouragement for overproduction.

Paying dairymen to cut back production has a great deal of merit. It could help dairymen outside of the milk order areas as much as those in order areas. And it would give dairy producers a great incentive to get milk production in line with demand.

COMBINE DIRECT PAYMENTS, NEW PRICING

A dairy bill has been introduced in the House by Representative LESTER JOHNSON, Democrat, of Wisconsin. JOHNSON's bill would combine a direct payment plan—somewhat like MCCARTHY's program—with new Federal order pricing.

If approved by dairymen in an order area, producers would be given allotments based on market requirements and reserve needs. They would be paid a higher price for needed milk. They would get a lower price for surplus milk.

This part of JOHNSON's program would work similar to the Proxmire bill.

Congress should approve the dairymen's excess base plan for milk marketing order areas. And there should be a program that would pay dairymen to cut back production, both in and out of milk order areas.

AGRICULTURE YEARBOOK CITES SENATOR LAUSCHE'S BRILLIANT OHIO CONSERVATION RECORD

Mr. PROXMIRE. Mr. President, it is probable that many Senators have noted the excellent contribution of Mr. H. P. Quadland, well-known conservationist, to the Yearbook of Agriculture for 1963.

For the benefit of those who may not have seen this item, I call attention to the article, "Let the Country Sing With Beauty," beginning on page 552 in which Mr. Quadland points to the great progress made throughout our country in reforestation and city and countryside beautification through organized tree and shrub planting programs. He specifically cites examples of outstandingly successful programs in 15 different States.

I call particular attention to the author's reference to a highly successful statewide campaign as a part of Ohio's Sesquicentennial in 1953, headed by our colleague, the senior Senator from Ohio FRANK J. LAUSCHE, who then was Governor of that State. The program initiated by Senator LAUSCHE in 1953 was continued in 1954, 1955, and 1956 with great success. In each year, more than 20 million seedlings were planted.

Mr. President, I feel that this particular article is very pertinent and of wide public interest, in that it should lend more encouragement to the citizenry of our Nation in keeping America beautiful.

I ask unanimous consent that the article be printed in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LET THE COUNTRY SING WITH BEAUTY (By H. P. Quadland)

Nature, if left alone, probably would make most land beautiful in time. Man largely is responsible for making land ugly. But man also can make land sing with beauty, if he wishes to help it flower—whether it is a tiny yard, a street, suburban plot, a farm on the plains, a cutover area in need of reforestation. Ugliness and growth need not be synonymous.

Economic and social benefits come from planting and beautifying the land. Sound conservation practices cannot end at the city or town line without helping to foster slums and endangering the future of the Nation.

I believe that love of our land is necessary for our survival. We will not love our land unless we care for it, and a growing population, which inevitably becomes further removed from the land, tends to turn aside from natural beauty toward the vulgarities of life.

In cities and suburbs, beautifully planted spaces are needed if urban renewal programs are not to run into the same trouble in the future that cities have run into in the past. One of the biggest threats to the permanency of completed urban renewal projects is the failure of communities to provide for planted and beautified space.

It is preferable if the plantings become part of the long-range improvement of cities rather than temporary expedients. Urban renewal presents a great opportunity for planted, open space that is a vital need in many cities.

I see no reason why we should ruin the land in order to build the houses in a subdivision. Often trees that have taken years to grow are destroyed by bulldozers in a day. Emphasis in housing by lending authorities has been on the house; the lot may be ignored.

Some housing developments have become slums in a decade because little thought is given to yards and streets. Other developments, well landscaped, remain livable indefinitely.

An example is the plant America program, sponsored by the American Association of Nurserymen. It offers a pattern for making our land more productive, beautiful, and livable.

The program was launched on January 5, 1950, in New York by representatives of national organizations.

An outline of the original plant America program, offered in 1950, is applicable today. I quote parts of it:

"The program is predicated on the premise that the land is our most precious heritage. It is believed that the objective of the program in its entirety can only be accomplished by replanting our forests, our farms, our cities, our roadsides, our church and school, or home and factory grounds wherever the need lies.

"For the first time in history our farm population generally is prosperous. But much still needs to be accomplished for a more fruitful and abundant farm home life. Landscaping and improved design of farm homesteads, farm home fruit gardens, landscaping and planting of grange halls, rural schools and rural communities in general are needed.

"Most of our cities and towns have blighted areas that can be made green and beautiful by planting trees, shrubs, and flowers. Much has been accomplished by civic authorities, civic planning groups, park executives, and garden clubs. But here, too, we are just awakening to the task ahead. A consciousness of the fact that the land is our most precious heritage is sorely needed by the general public * * * for its own good. Open spaces, beautifully planted,

seriously are needed in all metropolitan areas for recreational as well as conservation purposes; in fact, just for us all to look at, in order to fill our souls with beauty.

"Safety, conservation, beauty as well as happier motoring and recreation enter into the proper development of our roadsides. Despite the great achievements of highway officials and others, general public awakening is needed to prepare for and provide the most efficient use of these roadside facilities for all.

"Beautiful church and school gardens are rare rather than commonplace. Churches and schools can be made more beautiful and inspiring cultural centers through cooperation of educational groups, community improvement groups, garden clubs, parent-teacher associations, etc., in landscaping. This work easily can be accomplished at small expense if public consciousness is awakened to the task.

"Changes are developing in home landscaping and planting. Plantings are more natural, for better living. Outdoor living rooms, indoor-outdoor living on the home property, home fruit and rose gardens, climate control by planting to increase both inside and outside home comfort, are coming to the fore to enable a more enjoyable family home life. There is practical therapy in green growing things—pleasure and health combined. Plant America requires individual as well as group and community cooperation. We need to develop all our land for living, not just the house alone.

"Landscaped and planted industrial sites are important from the viewpoints both of community and employee relations, as well as increased value of the land.

"Plant America—for more natural living will help to conserve the land and the well-being and health of people. By instilling in the public mind a consciousness of the fact that 'the land is our most precious heritage' and by action in planting in accordance with both need and the proper design not only will plant America give Americans greater satisfaction in living, but it will make them more proud of their homes, their factories, their communities, and their country."

What has been accomplished?

Governors in 39 States have issued proclamations calling for more planting in their States.

The first was issued by Chester Bowles, then Governor of Connecticut.

It stated: "Land in the past has been abundant. Man in those days was able to ravage the land and move on to virgin territory. This led to abuse. . . . Most of these blighted and barren areas can be made green and beautiful if all citizens fully realize their moral obligations to others in the ownership of private, civic, or State land. . . . Much of the future progress of our State and its rare natural beauty rests upon the extent to which we replant and care for all the land. Our State can produce more if we strive to make and keep it beautiful. Everyone will benefit in equal measure."

A highly successful State campaign was conducted in Ohio, as part of the State's sesquicentennial activity. Some 22 million forest seedlings and more than 3 million ornamental trees and shrubs were planted in a year by homeowners and organized groups.

The sesquicentennial's "greatest tribute to the past," Gov. FRANK J. LAUSCHE pointed out, "would be wise planning for the future." He added: "In this connection, tree planting for reforestation, beautification, and recreation, is of vital importance. The program encourages farmers to plant waste land; homeowners to plant ornamental and shade trees; municipalities to plant trees and shrubs; establishment of school forests, as well as other local programs featuring the plant Ohio project."

The program in Ohio was efficiently organized. All State departments and 65 pri-

vate organizations were represented on the plant Ohio committee, under the direction of an executive committee, which was headed by the Governor and comprised representatives of the Ohio Department of Natural Resources, the State chamber of commerce, Ohio Nurserymen's Association, forestry associations, garden clubs, the Agricultural Extension Service, and the federation of soil conservation districts. County and local committees were formed to work on publicity, school and community forests, beautification of factory sites, planting of trees and shrubs around homes, public plantings, industrial reforestation, rural reforestation, and sources of planting materials.

Many community plantings grew out of the effort in Ohio. A plant Columbus program was a forerunner for that city's establishment of a large municipal rose garden.

In a natural course of events, the plant America program expanded into plant (State, county, and city or town) programs.

The plant America program includes the dissemination of information that will help homeowners upgrade the values of their properties by landscaping and beautifying them. It includes standards for nursery stock and a guide for home landscaping. A movie was produced, "Basic Technique for Home Landscaping." Materials on the pleasures and values of garden living are made available for use in newspapers, magazines, radio, and television.

In relation to cities, schools, highways, and factories, the program attempts to do much the same within the limits of a small budget.

An industrial landscaping competition is conducted with awards for "achievement in industrial and institutional landscaping and beautification contributing to employee and civic pride in our American heritage."

Among the 200-odd winners of awards are the Reader's Digest, Pleasantville, N.Y.; General Motors Corp.; the Washington Water Power Co. in Spokane; the Board of Water Supply, Honolulu; church groups; the little St. Cyprian School in River Grove, Ill.; the Shelburne Museum in Shelburne, Vt.; and the Boscobel restoration, Garrison, N.Y.

Some striking benefits of industrial landscaping have come to light.

A cement company found that trees and shrubs helped to hold down dust and reduced absenteeism.

Some restaurants have reported that good landscaping increases patronage. Banks, department stores, and shopping centers use landscaping to attract and win the approval of customers.

The plant America movement took cognizance in 1950 of the need for roadside landscaping. Meetings were arranged with landscape authorities and engineers to find economical methods for functional landscaping. The outgrowth was an illustrated booklet, which outlined 10 purposes of highway landscaping:

To screen out, where necessary, blinding headlight glare of cars in opposing traffic lanes; stop fast-moving cars with little or no damage to their occupants at dangerous intersections; relieve monotony and lessen fatigue; delineate curves and serve as directional traffic guides; restore natural beauty; reduce traffic roar and serve as buffers to adjacent residential areas; screen off unsightly, distracting views; serve as natural snow fencing; control erosion on slopes; and make rest areas.

One development seems particularly interesting. In Tuscaloosa County, Ala., all home grounds bordering on a highway were landscaped to enhance the beauty of the route. The plan has possibilities in improving and beautifying secondary and rural roads after the manner of azalea trails, dogwood trails, and other trails, which attract tourists.

When the plant America program first was visualized, contact was made with the National Education Association. A great

deal of attention is devoted to instruction in planting.

The American Association of School Administrators advises sound recommendations for landscaping and planting school grounds. Annual Arbor Day tree plantings are performed on some school grounds. There is great need, however, for more widespread planting and landscaping of school grounds. It is incongruous that students are taught principles of land conservation and planting, while many of their school grounds and athletic fields are bare, eroded, and ugly.

The planned planting of school grounds affords a basis for practical instruction in the conservation of land and in plant life. Well-landscaped and planted schools encourage school pride among pupils and teachers. Beautiful school grounds encourage community pride and greater support for education. Landscaped and planted schools afford a more pleasing recreational environment and are a facility for recreation in themselves.

Landscaping and planting should be a requirement along with the construction of all new schools, as recommended by educational administrators. Where this has not been done, it should be accomplished by local cooperation, along with education by teachers of the reasons behind caring for the land by planting and conserving it.

The Chicago Community Trust gave \$10,000 to the Chicago Horticultural Society to encourage schoolchildren to take up gardening: "We think gardening will make a good long-range hobby that the children will benefit from all their lives. More immediately, we think it will curb vandalism. People who learn to grow things are less likely to destroy trees and flowers or other people's property."

The first community planting project under the plant America banner was carried out in Grandby, Conn., in August 1951, during Plant Connecticut Week. All public grounds in the town were landscaped and planted, including schools, churches, and the firehouse. Local groups cooperated to serve luncheon to the planters and the nurseryman who supplied the plants. Since this project was completed, the nurserymen each year have landscaped and planted grounds of a public building to commemorate a Plant Connecticut Week.

Another planting project, in Stow Village, Mass., was sponsored by community groups, a garden club, the extension service, and New England nurserymen. The grounds of three churches, two schools, the town hall, and the library were landscaped.

Some of the subsequent activities include the planting of dogwood trees given to Morgantown, W. Va., to start a planting project; a tourist arboretum in Tennessee; sample highway plantings in many States; the establishment of municipal rose gardens; and 71 planting projects in Iowa towns through the cooperation of garden clubs, 4-H, Future Farmers of America, Boy Scouts, and others.

Los Angeles planted 296 trees in a 10-block area in downtown streets in 1962. The Textile Association of Los Angeles has a goal to plant 300 trees in the garment area. Living flowers in containers also add color to the area.

New York City's Salute to the Seasons program, in which thousands of trees, shrubs, and bulbs have been donated by business firms, is another example.

The New York City Commerce Department issued a booklet that said: "Massed plantings along major thoroughfares . . . are intended to alleviate this hunger (for green growing things) by bringing greater beauty to our city . . . to make New York a pleasanter place in which to live and work . . . a more attractive place to visit."

Along Lincoln Boulevard in Miami and in Kalamazoo, Mich., where a central mall has been planted, and in other cities, the results of such plantings have been strik-

ingly beneficial. Where they have been made a part of the permanent planning of the city, they have been most successful. Where temporary, they sometimes have failed. Good maintenance is necessary.

A successful program was carried out in Spartanburg, S.C., a city of 45,000 population, in 1962. Banks, industrial firms, and retail firms cooperated with the Men's Garden Club, the sponsor of the project. In various projects there have been planted: 210,000 bulbs, 200,000 azaleas, 1,600 rose bushes, 50,000 pansies, and 6,000 petunias. Some of the plants are in a garden in which citizens can choose labeled varieties for their home grounds.

In North Carolina, Charlotte and Winston-Salem have planted roses and trees in expressway medians. Greensboro has appointed a city beautification coordinator.

A Plant America Award for landscaping was presented in 1962 to Mayor Melvin T. Matlock for the town of St. James, Mo. Many local trees had lost their vigor in an extended drought. The citizens, helped by the James Foundation, planted 4,000 sweetgum, flowering crabapple, and holly trees. These plantings gave this small town new beauty and new spirit. Townspeople talk about "the new St. James" and plan to develop a three-block-long strip in the center of town into a central plaza, to be planted with grass, shrubs, and trees.

Various community projects have been taken up at times, as recommended in the plant America program, such as establishment of community gardens; street tree plantings; landscaping and planting around public buildings, including airports; plantings around tourist accommodations, such as gasoline stations and motels and hotels; plantings of highway entrances to the community; developing local parks; cleanup and planting of the banks of local streams; establishment of community forests for recreation; and the planting of flowering plants, or trees, in order to make the city or town known for spectacular azalea, rose, dogwood, lilac, flowering crabapple, cherry, or similar plantings.

As every municipality grows, a long-range program for planting and beautification of land, including acquisition of new park lands, becomes necessary.

Planting America is an extremely rewarding goal for all—individual, community, State, and Nation. With needed and widespread cooperation, our country almost everywhere can be made to "sing with beauty."

Mr. LAUSCHE. Mr. President, I appreciate very much the statements made by the Senator from Wisconsin in calling attention to the article beginning on page 552 of the Agricultural Yearbook. It describes a program adopted in Ohio in 1953. The program was named "Plant a Tree in 1953, the Sesquicentennial Year of Ohio." It is a good program, and it would be well if it were followed in many other States, too.

In that year of the Ohio sesquicentennial celebration, there were planted in Ohio 22 million forest pine seedlings and 3 million ornamental trees. They were planted without expense to anyone, except the very low price charged for the seedlings which were delivered.

The program was followed in 1954, 1955, and 1956. In each year the planting of grasses, flowers, shrubs, trees, and legumes was encouraged through a centrally directed program, followed identically in each of the 88 counties of the State. In each of those years more than 20 million trees were planted. I make the statement, not critically, but re-

grettably, that the program was allowed to die in 1957. My hopes are rather poignant that the program will be re-established in Ohio, because if there is anything we need, it is covering the ground with vegetation and trees at a time when concrete seems to be the covering everywhere.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, on behalf of myself, the Senator from Idaho [Mr. CHURCH], and the Senator from Louisiana [Mr. ELLENDER], I call up my amendment No 256 to the committee substitute.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 40, line 5 in the committee amendment, it is proposed, in lieu of "\$400,000,000" to insert "\$380,000,000".

Mr. MORSE. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, the colloquy this afternoon will show that the amendment is the one which the Senator from Idaho [Mr. CHURCH] suggested that I consider in case my proposal to make a \$50 million cut in supporting assistance were defeated. The Senator advised me that he would like to join me in the amendment after the vote on the proposed \$50 million cut.

The amendment would cut the supporting assistance program \$20 million, to the House figure. It would be an important \$20 million saving. It would be an important saving from the standpoint of the merits of the amendment itself in regard to the foreign aid program. We ought to be willing to take \$20 million out of that bloated program, for it is a highly inflated program.

In my judgment, it is very much in the interest of the taxpayers of this country to take the House figure of \$380 million, but it is important also from the standpoint of the parliamentary situation in the Senate in regard to which conversations are still in progress. The road ahead to a final vote on the bill can be a very long one. We shall do our best to make a fairly substantial cut in the bill. But, as I have said before, the Senate should try to take another \$40 million out of the bill and then devote its attention to policy changes in the bill. That is the position of the senior Senator from Oregon, although he cannot speak for others, and would not purport to do so. But so far as my money amendments are concerned, I would not be offering them, but I would be free to vote for any that any other Senator would offer, if some were offered.

We must face the fact that there is not a chance, in my opinion, of obtaining a final appropriation of more than \$3 billion for foreign aid. The administration forces do not like to face that prospect, but I think they will discover it to

be a fact. Furthermore, if we go to the House with a conference situation between \$3.7 billion and \$3.5 billion, Senators know as well as I do where the compromise will come. But it is up to the Senate to work its will. It can have it any way it wants it. The Senator from Oregon, of course, will continue to exercise his parliamentary rights.

The amendment before the Senate is one which the Senator from Idaho [Mr. CHURCH] and the senior Senator from Oregon offer on its merits. We also accept the House figure, which is \$380 million.

Unless some other Senator wishes to speak, I intend to suggest the absence of a quorum to bring the Senator from Idaho to the Chamber, for he desires to speak on the amendment. He is on his way to the Senate Chamber at present.

Mr. LAUSCHE. Mr. President, will the Senator withhold his suggestion?

Mr. MORSE. I am glad to yield the floor.

Mr. LAUSCHE. I would not venture to speak, except that the Senator from Idaho is coming to the floor of the Senate.

Mr. MORSE. I yield the floor.

UNESCO AND NATIONALISM

Mr. LAUSCHE. Mr. President, I have a letter from a constituent pointing out the context of a resolution adopted by UNESCO. The constituent states that UNESCO Publication No. 356 makes the following statement:

As long as a child breathes the poisoned air of nationalism, education in world mindedness can only produce rather precarious results. It is frequently the family that infects the child with extreme nationalism. The school should use means to combat family attitudes that favor Jingoism. We shall presently recognize in nationalism the major obstacle to development of world mindedness and world peace.

That statement is contained in a document issued by UNESCO. I assume that UNESCO has forwarded to the United Nations that fantastic conclusion which it reached about the evil to the people of the world caused by persons being taught to be nationalists. I suppose that when the suggestion comes before the United Nations it will not be adopted. I am sure that if it ever came before the Foreign Relations Committee or the Senate, the proposal would be vigorously rejected. However, I feel that Senators and Representatives ought to be acquainted with what UNESCO advocates. It tells the people of the United States, "Do not teach your children to be patriotic or nationalistic. Teach them to be internationally minded, because with national mindedness there will never be world peace."

I wish to offer only one word of advice to these modern, sophisticated, socialistically minded advisers. I do not care how many resolutions are adopted by UNESCO nor what the United Nations does, or what the Congress does. The nationalistic and patriotic attitude in the hearts of Americans and their feelings toward their country will not be extinguished.

I have asked the Foreign Relations Committee to check into the actual situation as it prevails in UNESCO, to find

out what nations voted for the resolution, and whether our country subscribed to this policy. Later, I shall speak again on this subject.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. CHURCH. Mr. President, I am pleased to join in cosponsorship of the pending amendment, which would cut \$20 million from the military support feature of the foreign aid bill. The effect of the amendment would be to reduce the committee figure to that already approved by the House.

As the Senator from Oregon knows, I was unable to support his earlier amendment because I felt that this feature of the bill should not be cut below the level already approved by the other body. However, I feel military supporting assistance is the best place to effect a further cut from the Senate committee figure, because it is in connection with military support that we are extending aid to those countries which get the lion's share of American aid—countries which, in my judgment, are getting a disproportionately large slice of the American aid melon. I believe the \$20 million cut can easily be made, without impairing the aid going to any of these countries. I also believe that if the Senate should approve this amendment, it would be taking a step toward resolving some of the difficulties, some of the barriers still to be surmounted if we are to bring the bill to a final vote.

Adoption of the amendment would expedite the resolution of further difficulties and help Senators to reach an early vote on a measure which has now been debated for nearly 2½ weeks.

For these reasons, I hope Senators will see fit to join in support of the amendment.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. PROXMIRE. I should like to ask the distinguished Senator from Idaho, as cosponsor of the amendment, if the proposed reduction in supporting assistance would bring the level of supporting assistance in the bill more closely in proportion to the military assistance reduction than otherwise? As I understand, the committee recommendation for military assistance has been reduced from \$1.3 billion to \$1 billion.

Mr. CHURCH. The Senator is correct.

Mr. PROXMIRE. The amendment, I take it, would reduce the supporting assistance amount closer to that same ratio. I assume that the administration and the committee computed some kind of relationship. As I understand supporting assistance, it is to provide economic assistance to countries suffering under a heavy burden of armaments, to keep them from being crushed under the burden. If we reduce military assistance, it makes sense to reduce it in proportion to the military support. Is that not correct?

Mr. CHURCH. That is correct. This feature of the bill lies outside the so-called "powerhouse" amendment, which involved a cut of \$300 million in military assistance. This amendment would effect a somewhat proportionate cut in military support, which would be consistent with the action already taken with respect to military assistance. This is still another reason why adoption of the amendment would result in a better balanced program, overall.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. MORSE], for himself, the Senator from Idaho [Mr. CHURCH], and the Senator from Louisiana [Mr. ELLENDER], to the committee amendment in the nature of a substitute, as amended. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. JORDAN], the Senator from Louisiana [Mr. LONG], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from North Carolina [Mr. JORDAN], the Senator from Louisiana [Mr. LONG], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], and the Senator from California [Mr. ENGLE] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Nebraska [Mr. CURTIS] is absent on official business.

The Senator from Kentucky [Mr. COOPER] and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Kentucky [Mr. COOPER]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Kentucky would vote "nay."

The result was announced—yeas 51, nays 41, as follows:

[No. 231 Leg.]

YEAS—51

Allott	Goldwater	Nelson
Bartlett	Gruening	Pearson
Beall	Hill	Pell
Bennett	Holland	Prouty
Bible	Hruska	Proxmire
Burdick	Jackson	Randolph
Byrd, Va.	Johnston	Ribicoff
Cannon	Jordan, Idaho	Robertson
Carlson	Long, Mo.	Russell
Church	Magnuson	Simpson
Cotton	McClellan	Symington
Dodd	McGovern	Talmadge
Dominick	McIntyre	Thurmond
Eastland	Mechem	Tower
Edmondson	Miller	Williams, Del.
Ellender	Morse	Yarborough
Ervin	Mundt	Young, Ohio

NAYS—41

Aiken	Fong	Keating
Anderson	Fulbright	Kennedy
Bayh	Gore	Kuchel
Boggs	Hart	Lausche
Brewster	Hartke	Mansfield
Byrd, W. Va.	Hayden	McCarthy
Case	Hickenlooper	McGee
Clark	Humphrey	McNamara
Dirksen	Inouye	Metcalf
Douglas	Javits	Monroney

Morton
Moss
Muskie
Neuberger

Pastore
Saltonstall
Scott
Smathers

Smith
Sparkman
Williams, N.J.

NOT VOTING—8

Cooper
Curtis
Engle

Jordan, N.C.
Long, La.
Stennis

Walters
Young, N. Dak.

So the amendment offered by Mr. MORSE, for himself and other Senators, to the committee amendment in the nature of a substitute, as amended, was agreed to.

Mr. MORSE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CHURCH. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HICKENLOOPER obtained the floor.

Mr. ELLENDER. Mr. President, will the Senator yield so that I may modify my amendment?

Mr. HICKENLOOPER. Mr. President, I ask unanimous consent that I may yield to the Senator from Louisiana for the purpose of having his amendment laid before the Senate, without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ELLENDER. Mr. President, I call up my amendment No. 244. I ask to modify the amendment in line 6, page 1, by changing the figure "1963" to "1964."

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. The amendment of the Senator from Louisiana, as modified, to the committee substitute, as amended, will first be stated.

The LEGISLATIVE CLERK. It is proposed, on page 41, in the committee substitute between lines 8 and 9, to insert the following:

(d) SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—(a) Notwithstanding the provisions of section 614(a) of this Act, the value of grant programs of defense articles for African Republics, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with fiscal year 1964, shall not exceed \$25,000,000.

(b) Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for African Republics.

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. HICKENLOOPER. Mr. President, I should like to offer a few comments on recent developments in Argentina, and I select this country for two reasons. First, I think it is generally agreed that Argentina has probably the best potential for development into a stable and self-sufficient free country in its part of the world.

Mr. MORSE. Mr. President, the Senator is delivering a very important speech. I would like to have the Senate hear it.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HICKENLOOPER. I may say parenthetically that the general principles which I shall attempt to develop in my remarks apply to any other countries in Latin America which are engaging in or planning to engage in expropriation of American property, and to any countries in any other part of the world which are engaging in or planning to engage in the expropriation of American property.

Argentina has many advantages not generally shared by most other South American countries, among which are a highly literate population which is predominantly European in stock, the absence of vast land reform problems, plus the possession of natural resources which are considerable.

My second reason for selecting Argentina is that what is happening there has a direct relationship to some of the difficulties our foreign aid efforts are facing in other areas.

On the basis of such measurements as per capita gross national product, number of telephones and radios, miles of railroads and highways and the like, Argentina is already one of the most highly civilized and advanced countries in South America. Its major challenge is to achieve stability of government and to put into practice sound economic policies which can eliminate the effects of years of mismanagement, inflation, a wasting of assets, decline of agriculture, and deficits both in its budget and its balance of payments.

The plight of the Government-run railroads provides a good example of the kind of economic chaos which has been allowed to develop. The volume of freight carried has fallen from 60 million tons in 1942 to less than 30 million tons; yet in the same period, the number of railroad workers has climbed from 90,000 to over 225,000. The result is an annual deficit of some \$300 million which the Government is forced to cover.

Such examples can be found in nearly every sector of the economy. In fact, over recent years there has been only one bright spot of any consequence in the whole picture, and this is in the petroleum industry. For years, imports of oil had been steadily rising, in spite of the fact that there is oil within the country. By 1958, Argentina's total annual oil production amounted to only 36 million barrels, and the nation was forced to import some 65 million barrels to meet its needs. Oil was in fact the largest import item, and cost roughly the Argentines \$220 million a year in foreign exchange.

Looking back over the painful history preceeding them, the Government at that time decided that a different approach might be worth a try. For almost half a century, the control of oil operations had been in Government hands. Foreign capital and experience had been largely excluded. But faced with such a phenomenal deficit in the balance of payments from a single source, the Argentine Government decided to try a new approach.

It invited outside capital and assistance to supplement the state's own efforts, and the results have been dramatic. In the long decades preceeding this

event, petroleum production had been built up gradually to 36 million barrels a year, against imports which had climbed to 65 million barrels, as I have noted.

In the 4 years following the time the Argentine Government opened the doors to assistance from private enterprise, the production of oil nearly tripled, while the amount the country has to import has been reduced by roughly 70 percent. In 1962, production had reached nearly 100 million barrels, while imports had shrunk to less than 20 million.

I believe when we get the accurate figure at the end of 1963, it will be even more startling. In terms of foreign exchange, Argentina's expenditures for buying petroleum or oil products were cut from \$220 million a year to \$75 million, and the goal of self-sufficiency was in sight. There was even talk of an exportable surplus.

Behind this tremendous accomplishment lie some interesting facts. In general terms, what it took to make the job possible was a combination of capital, technology, and efficiency—in all of which the Argentine Government had been lacking. These key elements were supplied by American oil companies, in competition against each other, who came in, negotiated contracts running up to 40 years, and proceeded to supply the money, personnel, equipment, and techniques which turned the tide.

To date, these companies have invested an estimated \$300 million in Argentina since 1958. Their experiences have varied. Several companies have spent close to \$50 million in largely unsuccessful exploration efforts. Another company, which has developed production, brought in some \$60 million in capital and reinvested another \$40 million from the sale of the oil in further exploration and development activities. In general terms, these companies have continued to invest money in Argentina, without any significant return thus far.

This kind of confidence in the country's future has also bred confidence. In addition to the direct investment in exploration and development, there has been the predictable economic fallout in other areas, bringing additional outside investment in transport, refining facilities, and petrochemicals—which together have been estimated at close to another \$100 million, added to the economy.

If we add to this the further stimulation to the economy in terms of royalties to the provinces for oil and gas produced within their territories, plus the very basic fact that the oil industry has provided a growing number of jobs for nationals over a period in which nearly every other segment of the Argentine economy has been stagnant, we recognize that here is a very substantial contribution to the development of the country.

This has been done with private enterprise, private investment, and private venture.

I should note that it has also been a real contribution to the pocketbook of the American taxpayer, since here is something approaching a half-million

dollar shot in the arm to a country we want to help, but which did not have to come out of U.S. foreign aid, the International Monetary Fund, the World Bank, or any other of the many organizations to which we so largely contribute.

One could be pardoned for assuming that the Argentine Government would also recognize the magnitude of this contribution to the welfare of its people. Unfortunately, this does not appear to be the case. There is now a new government in office in Argentina, and one of its major articles of political faith seems to be a determination to abrogate the contracts or to nullify them to use their own language, negotiated by the previous government with the U.S. oil companies.

While it is perhaps not too difficult to appreciate the political charm of slogging about "throwing out Yankee imperialists" during a Latin-American election campaign, it is very hard indeed to discern any semblance of rationality in such an action in this instance. In practical terms, this would amount to a frontal attack on the only really sound and hopeful economic development that has occurred in that country in the last decade.

The reasons expressed by the new government for this extraordinary proposal have been rather nebulous thus far, consisting mainly of charges that the contracts are illegal and uneconomic. The only argument which the government has advanced regarding their legality, to my knowledge, is that the contracts were not submitted to the Argentine Congress for ratification.

While I am no expert on Argentine constitutional procedure, I cannot help but be impressed by the logic of some of the comments which the oil companies have made in this regard. As they point out, the agreements merely put them in the position of hired contractors. They have engaged to spend a good deal of money, time, and effort in trying to find oil—but any oil found becomes automatically the property of the government. The companies do not have title to it. They cannot export it. All they can do with it is deliver it to the government at a previously agreed upon price. Both legally, and in effect, they are simply contractors hired by the state oil agency to help do a job which that agency had neither the capital nor the ability to do itself.

If the state oil agency has to get the approval of congress to hire a contractor, then presumably the state-run railroad would have to get congressional approval to sign a contract to repair freight cars. The oil companies assert that there is no such precedent in Argentine law, or anywhere else for that matter, so far as anyone knows, and I find this quite believable. Any country which operated along these lines would have to keep its congress in session 24 hours a day.

Aside from this is the interesting fact that everyone accepted the contracts as legal and binding, and both parties attempted to live up to their terms for about 5 years, until a new government came in. I say "attempted to live up

to their terms." The U.S. companies actually overfulfilled their contractual obligations. They drilled more wells and found more oil than even the Government had hoped at the time the agreements were made. While the country is still not self-sufficient in oil, it has gotten a good deal closer than anticipated in such a short period.

The Argentine Government's performance is not quite so good, not so much because it did not try but because of the general fiscal chaos which has existed within the Government. The state oil agency, to which the U.S. producing companies are obliged to deliver the oil, has not been able to pay for the oil. It is currently behind in its payments to the tune of tens of millions of dollars.

One American oil company alone is owed more than \$28 million for oil it has produced with its own capital and know-how, and has delivered it to the Argentine Government agency. It is holding the sack for that amount of oil, to say nothing of any recoupment on its investment. Other oil companies are owed comparable amounts, in keeping with the extent of their operations and contracts.

As for the Government's other charge—that the contracts are uneconomic—it is unlikely that the oil companies would disagree with this assertion. They have clearly been uneconomic for the companies thus far, since the companies have continued to invest, and reinvest, and are left at the moment with not much to show for their effort except overdue bills.

Just why the contracts are uneconomic to the Argentine Government is difficult to see. As I have noted, they have saved the Government millions of dollars in desperately needed foreign exchange. As to the price the Government pays the companies for the oil—and this is quite apart from any considerations of sanctity of contract—it appears to be considerably less than the cost of oil of comparable quality imported from Venezuela, the Middle East, or anywhere else in the free world. The former Secretary of Energy and Fuels recently testified that the oil supplied by the contracting companies costs between 20 and 50 percent less than similar types of imported crude.

That is the testimony of Argentine officials themselves. The witness pointed out that this represents oil which the Government was in no financial or technical position to find oil and develop it itself.

Not only have the U.S. companies been supplying oil at lower rates than it could be imported; under their contracts they are also charging less for a barrel than the Government oil agency can produce it through its own efforts, on the basis of cost estimates submitted to the Congress by that agency. And on the basis of the Government's own per-barrel valuation, the value of the oil already delivered by one company exceeded the price charged by some \$20 million. To put it another way, the Argentine Government has received oil for a price \$20 million less than it would have cost to produce it itself, according to its own figures. Yet the Argentine Federal company has not even paid for all the oil.

When we add to these considerations the fact that, at the end of the contracts, the Government will receive free of charge all permanent facilities installed by the companies—including pipelines and other expensive installations—it is perplexing, to say the least, to find that Government calling the contracts uneconomic.

It is also appropriate to wonder what lies ahead. In order to find and produce the quantity of petroleum required to meet Argentina's growing needs over the next 9 years, it is estimated that an investment of some \$1.7 billion will be required. This is an average of nearly \$200 million a year, and it would be interesting to know where a deficit-ridden government and a bankrupt state oil agency would propose to get capital funds on this order, particularly if they pursue their presently announced course.

Abrogation of the oil contracts would, to a very considerable extent, succeed in drying up outside capital funds from all quarters and for all purposes. If a contract made with one government is likely to last no longer than the inauguration of the next government—particularly in South America—then the whole concept of long-term investment can no longer apply either, a conclusion which will be speedily drawn by potential investors everywhere.

From reports coming out of Argentina, it appears that some of the politicians there profess to see a solution by simply having the state oil agency take over all oil operations. That such a course would be naive in the extreme is rather obvious. The record indicates that the U.S. companies have done more to increase oil production in 4 years than the state had accomplished in half a century, and it took a large amount of capital in addition to know-how.

Moreover, Argentina simply does not have the financial capabilities to pay the costs of taking over the U.S. operations. Beyond this, it does not have the funds to commit to needed further oil development.

About the only foreseeable consequences of this cavalier course would be to render any contract with the Argentine Government next to worthless in international circles, while hastening the Argentine oil industry down the road its railroads have already gone.

One other alternative has been hinted at—that Argentina might make up its oil deficiency by importing Russian oil. It is no secret that the Communists would be delighted to see this happen. With the tragic example of Cuba before them, I doubt that a majority of Argentine citizens would care to follow that course, since they value freedom highly.

As I said at the start of these remarks, what is happening in this particular situation typifies some of the dilemmas facing our foreign aid program in a number of areas. It is my understanding that our viewpoint is that we wish to do whatever we can to assist freely elected governments throughout the world, where we can assist, with the necessarily rather imprecise goal in mind of advancing the cause of human freedom, in which we believe.

I have no quarrel with this objective; I support it. But at times it is hard to see how to go about it. Take the case in point. Here is a country which is emerging from the shadow of years of dictatorial rule which left a legacy of bankruptcy and economic decline. The Argentine people apparently want stability and economic growth, under an elected government. Since these are goals which we support, we have been trying to assist in this undertaking, with funds exacted from the American taxpayer and through freely made private investment.

But developments such as those in regard to the oil contracts are enough to give anyone pause. So far as foreign aid is concerned, we must recognize that we are dealing with a sovereign government, and that it is neither proper nor desirable on our part to presume to tell that government how to conduct its affairs.

When such a government proposes to follow a course, however, which is clearly designed to compound its financial difficulties—and damaging bona fide private American interests in the bargain—we had better ask ourselves how long we can continue to underwrite such experiments. We have no mandate from the American taxpayers to continue to pour their income down bottomless pits, and they appear to exist all over.

It is one thing to love thy neighbor as thyself, as the Bible enjoins us; but this is becoming a pretty large neighborhood. American aid just about blankets the globe. If every sovereign government on earth wishes to dig its own economic grave, it has a sovereign right to do so, I presume; but the American Government also has a sovereign right to refuse to pay the cost of excavation. Indeed, we could not do so even if we wanted to; there is simply not that much money in America, or anywhere else in the world, for that matter.

I think it might be helpful if this fact could be slightly better appreciated by some of the many countries which look to us for support. It might as well be understood that while the United States is willing to continue to contribute to the cause of freedom throughout the world, it does not plan to bankrupt itself in the process, and thus sacrifice its own freedom, leaving the field to the enemies of freedom.

To make this understood, I think we had better start today. One way to do this is to make it plainly understood that the U.S. Government is not prepared to give money, goods, or services to countries which will not even honor their obligations to U.S. citizens and corporations. Unilateral abrogation of such obligations by other countries should be understood to be synonymous with unilateral cessation of aid from this country.

Mr. MORSE. Mr. President, will the Senator from Iowa yield?

The PRESIDING OFFICER (Mr. MCINTYRE in the chair). Does the Senator from Iowa yield to the Senator from Oregon?

Mr. HICKENLOOPER. I have a number of newspaper articles, communications, and so forth, which I wish to discuss and to have printed in the Record, but I can do that a little later. They

are in further reference to the amendments we adopted last year and to those we adopted this year in regard to these items.

I am happy to yield to the Senator from Oregon.

Mr. MORSE. Mr. President, I wish to ask about these amendments. The Senator from Iowa and I have held conversations, not only in regard to what is happening in Argentina, but also in regard to what is happening in other Latin American countries. The Senator from Iowa knows that I am very much concerned about the application of the Hickenlooper amendment to these situations. In fact, some of us considered trying to broaden the Hickenlooper amendment; but after my discussion with the Senator from Iowa, I am inclined to agree with his view that probably no other amendment is needed, if there is clear agreement as to what the Hickenlooper amendment already encompasses.

So far as the situation in Argentina is concerned, our proper course is very clearly indicated by the facts in that case. If the Argentine Government nullifies those oil contracts and refuses to follow the procedures of international law which the Hickenlooper amendment encompasses, and if the Argentine Government expects to share in any way in the economic assistance provided by the United States, our State Department must notify the President of the Argentine that the Hickenlooper amendment will be applied, and that there will be no "maybe" about it.

So my first question is—in dealing somewhat with a hypothetical case, but also relating to the situation in the Argentine—if the President of Argentina proceeds to nullify these oil contracts, is it the opinion of the Senator from Iowa that the Hickenlooper amendment will apply and the U.S. Government will be obligated to carry out its provisions, which, if a satisfactory adjustment of these claims is not made by the Argentine Government, will result in the cessation of our economic aid to Argentina?

Mr. HICKENLOOPER. In my opinion, the answer to that question is "Yes." I believe the amendment of last year—the provision now in the law—could be extended, by proper interpretation, to cover such a situation of nullification of contracts, as compared with expropriation or seizure of physical property. But certainly under the amendments we have adopted and under the additional amendment which now is before us, which specifically refers to nullification and to action which has the effect of destroying the property rights of individuals, I think there is no question that it applies and that it would have to be applied not only to nullification of these oil contracts, which have been in effect since 1958, but also to the fruits of them, of which Argentina has taken advantage. The latter point raises a further question, for this is not a question of nullification of contracts after they were entered into, but before performance was had under them—although under some legal concepts, damages might be due in that situation. On the contrary, in this case performance has been had, and the oil has been delivered under

the provisions of the contracts, and up to this time the contracts have been consummated in full good faith. Therefore, at this time nullification would amount to a direct seizure of property rights, and the amendment will apply.

Mr. MORSE. The Senator from Iowa and I have talked with other members of the committee and other members of the subcommittee—because both of us are members of the Subcommittee on Latin American Affairs; these members are very much concerned about whether the nullification amendment applies to this year's bill. I said to them that I think it does. However, this is a good time to clarify that situation and to leave no doubt about that matter.

Will the Senator from Iowa take time to refer to the Hickenlooper amendment of last year and also to the proposed changes in it, as contained in this year's bill. In my opinion this supports his contention, in which I join, that the Hickenlooper amendment, as it will be in existence after the enactment of this bill, will cover the Argentine oil contract nullification case.

Mr. HICKENLOOPER. I shall be very happy to do so; and I think it should be made part of this record.

I call the attention of the Senator from Oregon and the attention of other Senators to the report of the Foreign Relations Committee on House bill 7885, dated October 22, 1963, at page 67, and to the item on that page beginning with "(e)". I ask unanimous consent that this portion of the report be printed in the RECORD.

There being no objection, the excerpt from the report (No. 588) was ordered to be printed in the RECORD, as follows:

(e) The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any [governmental] government agency or subdivision within such country on or after January 1, 1962—

(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(2) has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

[(2)] (3) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency or government subdivision falls within a reasonable time (not more than six months after such action or after the date of enactment of this subsection, whichever is later) action or, in the event of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than twenty days after the report of the Commission is received) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including [equitable and] speedy compensation for such property in convertible foreign exchange, equivalent to

the full value thereof, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be [1]; and such suspension shall continue until [the] the President is satisfied that appropriate steps are being taken, and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

Upon request of the President (within seventy days after such action referred to in paragraphs (1), (2), or (3) of this subsection) the Foreign Claims Settlement Commission of the United States (established pursuant to Reorganization Plan No. 1 of 1954, 68 Stat. 1279) is hereby authorized to evaluate expropriated property, determining the full value of any property nationalized, expropriated, or seized, or subjected to discriminatory or other actions as aforesaid, for purposes of this subsection and to render an advisory report to the President within ninety days after such request. Unless authorized by the President, the Commission shall not publish its advisory report except to the citizen or entity owning such property. There is hereby authorized to be appropriated such amount, to remain available until expended, as may be necessary from time to time to enable the Commission to carry out expeditiously its functions under this subsection.

Mr. HICKENLOOPER. Mr. President, the amendment of last year provides as follows:

(e) The President shall suspend assistance to the government of any country to which assistance is provided under this Act when the government of such country or any agency or subdivision within such country on or after January 1, 1962—

(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(2) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

Then it provides the methods of determination, arbitration, and so forth.

I have read the language down to that point, as contained in the present law. Now I read the additions which were made in the committee this year, in strengthening that language.

The present law reads as follows:

(e) The President shall suspend assistance to the government of any country to which assistance is provided under this—

And this year we added—
or any other.

The words "or any other" were added this year. So the language would then read:

(e) The President shall suspend assistance to the government of any country to which assistance is provided under this or any other act when the government of such country or any—

And we substituted for the word "governmental" the word "government"—government agency or subdivision within such country on or after January 1, 1962—

Paragraph (1), which I read a while ago, would remain the same.

Then we added (2), a paragraph which reads as follows:

(2) has taken steps to repudiate or nullify existing contracts or agreements with any

United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or—

Then we pass to the new (3), which was the old (2), which would read—

(3) has imposed or enforced discriminatory taxes or other exactions or restrictive maintenance or operational conditions—

And then we would insert the words—
or has taken other actions—

Continuing to read the section—
which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned.

One of the reasons for inserting the words "or has taken other actions" is that that language would give a direction to the President to use broad discretion in determining the rights and interests of American property abroad. We name it as specifically as it is reasonably possible to do so. The language "or has taken any other action" would have that effect. The President would have the responsibility and the discretion to determine when American property is being seized.

The present law provides, in effect, that those provisions would go in effect if "such country, government agency or government subdivision fails within a reasonable time—not more than 6 months after—such action or after the date of enactment of this subsection, whichever is later."

The law passed last year provided "to take appropriate steps," and so on. This year we have inserted the language that where the country, Government agency or Government subdivision has failed to take, "within a reasonable time—not more than 6 months after such action or"—I am now reading the insertion—"action or, in the event of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than 20 days after the report of the Commission is received."

We added that language because there is a new addition calling for a referral to the Foreign Claims Settlement Commission, for the reason that that Commission has machinery and legal history to set up for evaluation foreign held properties as a result of their experience in settling foreign claims, at least especially following World War II.

All of what I am talking about will be in the RECORD.

Another provision provides for the President to request the Foreign Settlement Claims Commission to evaluate such property. He would then make a determination as to whether or not the valuation set on the property abroad would be a reasonable valuation or not. If it is considered to be unreasonable or unfair, he must withhold aid. If it were a fair evaluation, it would be up to the owners either to take it or leave it. If they should prefer not to take it, and the determination should be that the valuation was a fair valuation, then, of course, they would be left to their own devices within the countries to fight it out in any way they might desire.

Mr. MORSE. Mr. President, I thank the Senator from Iowa for joining me in making the legislative history. The language from the old act, with the previous Hickenlooper amendment, plus the new language in the bill that has come to the floor of the Senate from the committee, leaves no room for doubt that it covers nullification of contracts in which property values, as well as outright expropriation of property, are involved. The American business concerns that have expressed such great concern to the Senator from Iowa and to the Senator from Oregon ought to appreciate the fact that the Senator from Iowa sought to draft language that would protect them in connection with almost any possible contingency that could develop if a foreign government should seek, by one means or another, to expropriate the value of the property or nullify contractual relations that would have a bearing upon the value of the property.

As the Senator knows, the Kennecott Copper Co. has extensive copper mining holdings in Chile. So does Anaconda Copper Co. I have met with officers of the Kennecott Co., as has the Senator from Iowa. I have told them that I know nothing about the merits of their case, just as I know nothing about the merits of the case of the American oil companies in the Argentine. It is not for me to pass judgment on the merits of the case, however. It is a Senator's duty, as I see it, to make certain that procedures are established under which these companies would have an opportunity to establish the merits of their case and under which they would be protected from unfair discriminatory practices against them on the part of any foreign government because they are American concerns.

As the Senator knows, it is alleged by the Kennecott Copper Co.—and they have made more than a prima facie case in support of their allegation—that the Chilean Government is following a discriminatory tax policy that is aimed at the Kennecott Co. It may discriminate against other companies. But there is no doubt about the fact that it discriminates against the Kennecott Co. if the allegations are accurate, and they appear to be.

The result is that the Kennecott Co. cannot operate its mining properties, and not being able to operate its mining properties, it is suffering great loss even in trying to maintain the companies. It looks upon this move on the part of the Chilean Government as an effort to finally force Kennecott either to dispose of its property in Chile for an unfairly low price or to abandon it and give up even trying to maintain it, which would thereby make it possible for the Chilean Government to enter into what would amount to a form of expropriation of the property.

Mr. HICKENLOOPER. It is situations of that kind which the words "or any other means" in this year's bill are intended to cover, by way of giving the President discretion to determine that those so-called "any other means" are in effect a denial of property rights, or

the destruction of the rights of American owners in foreign countries, and would therefore call for the operation of this amendment. There is a responsibility on the administrator to use his discretion.

Mr. MORSE. Plus the language, now, in the new subsection (3), which was the old subsection:

(2), has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned.

Mr. HICKENLOOPER. That is correct. There was a provision against discriminatory taxes in the amendment which we put in the bill last year, but we wish to add the words, "or has taken other actions." It is a fine distinction, when one comes to argue with some of the "legalistic" people in foreign countries.

Suppose the Government owns a part of the mining industry, and private operators own some other portion of the mining industry. The Government could very well conduct its own mining without regard to taxes, but could levy taxes upon the one or two other privately owned businesses in an amount great enough to drive them out of business.

The Senator referred to the company in Chile. The company has had imposed upon it, according to my information, a tax of 87 percent of net profits, leaving only 13 percent. I do not have the details, but the government refused to allow what are recognized in this country as the ordinary expenses of doing business. They toss items into "net profits" which are not net profits at all, but are current operating expenses. The company is going backward all the time. The government is proposing new requirements for expansion—new buildings; new this, that, and the other thing—which are beyond the capacity of the company, if it is to keep its nose above water. It cannot operate in that kind of situation.

Those are discriminatory taxes. Those are excessive requirements, which are, in effect, a confiscation of the property of Americans.

Mr. MORSE. They seek to impose requirements for expansion on the company and force it to operate at a loss, apparently in the hope that forcing it to operate at a loss will also force it to sell its properties for a song, and get out of Chile. There are other copper companies that could very well find themselves in the same position, if they do not watch out.

Mr. HICKENLOOPER. The Senator is correct. The threatened oil property expropriation in Peru, is in many ways patterned after the Argentine proposal.

Mr. MORSE. That is correct.

Mr. HICKENLOOPER. In northwestern Peru along the desert area and the ocean, many millions of dollars were spent by American and other oil companies in an attempt to develop oil fields. The program did not develop too successfully. There is a geologic promise of oil in the Iquitos area, the area back

of the mountains. It has cost millions of dollars to fly in equipment and American engineers and technicians to cover the jungle. People have been living in the jungle for years. Private companies have put up their money, exploring on behalf of the Government of Peru under contracts and agreements.

I now understand that there is good promise of oil fields being discovered after years of effort and the expenditure of millions of dollars. But now that oil fields have probably been discovered the proposal is made that Peru expropriate them, to take advantage of all the expenditures made. Such a seizure would be a repudiation of contracts and obligations.

Mr. MORSE. We must beware of such situations all over Latin America, if we let these precedents be set.

I have one final question. Will the Senator turn to section (e) on page 67 of the committee report, which reads:

The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

Does the things listed thereafter. Does the Senator agree with me that the language "under this or any other Act" would prohibit the President of the United States from using his contingency fund to be of assistance to one of these countries, if it were determined the country had violated the terms and conditions of the so-called Hickenlooper amendment?

Mr. HICKENLOOPER. I believe it would. I believe it is broad enough to do that. It is the intent to cut off aid, bounty, gifts and assistance to countries which not only are using such for their own ulterior purposes but also are defrauding, in effect, American investors whom they have invited to come to those countries. There is one exception. We agreed to an amendment yesterday exempting the Peace Corps.

Mr. MORSE. And the cultural exchanges, also.

Mr. HICKENLOOPER. Yes; the cultural exchanges, as well. I voted for that exemption for various reasons. I believe that humanitarian operations probably have a little different complexion. It is my understanding and my intention—and I believe that of other Senators who voted for the amendment—that if the abuses are great enough, it is within the discretion of the President even to halt those operations.

Mr. MORSE. We made it very clear yesterday, in the legislative history, that the amendment did not put the Peace Corps in the position where it could not be taken out.

Mr. HICKENLOOPER. That is correct.

Mr. MORSE. Or that the cultural exchanges could not be stopped. That will fall within the discretion of the President.

Mr. HICKENLOOPER. We made that very clear.

Mr. MORSE. I should like to make another point clear, I completely agree with the statement of the Senator from

Iowa about the situation in Chile or in Argentina. If it should be found after analysis of the merits of the positions of the companies involved, that those governments are following a course of action—Chile in regard to the Kennecott Copper Co., and Argentina in regard to the nullifying of contracts of these oil companies—in flagrant violation of the Hickenlooper amendment, the President would be prevented also from using the contingency fund to get around the Hickenlooper amendment.

Mr. HICKENLOOPER. I believe the Senator has correctly stated the case. I should like to invite attention to another contingency. There are problems of patent rights which were acquired and exist under law in those countries. Patent rights are not physical, tangible rights.

They are intangible rights, but rights, nevertheless. Many countries are threatening to seize American patent rights, to abrogate them and to destroy them, even though they were granted legally under the laws of the country, or under treaties or agreements, and have a limited time to run, as is the case in our own country.

Those rights are undoubtedly rights, just as tangible property rights are.

Mr. MORSE. Lastly, I spoke recently on the Chilean situation. Tomorrow I shall put in the Record, in support of legislative history being made tonight, further data dealing with the Chilean tax discriminatory policy in connection with American companies in Chile.

I say most respectfully to my President, "You had better prod your State Department to action, because Chile is proceeding with a course of action that cannot be reconciled with granting her any aid, until she changes her discriminatory policy against American business."

The paradox is that Chile, along with the Argentine and many other Latin American countries, has been pleading and begging to get foreign investors to come in. Foreign investors have been offered inducements to come into those countries. That fact places those countries under an obligation to follow a non-discriminatory policy in respect to those investors—the same policy that is followed with respect to domestic investors.

There is an election campaign in progress in Chile, and candidates are vying with one another to see who can make the strongest anti-American statements; but we cannot let Chilean politics do irreparable damage to American investors, who, in my judgment, must be recognized as having some international law rights.

The State Department ought to be told to "get on the ball" so far as the Chilean and Argentinean situations are concerned, and make perfectly clear to those governments that if the merits of the cases substantiate the allegation that they are in violation of the Hickenlooper amendment, aid will be stopped.

It is our money. If they are going to take it, they ought to take it subject to reasonable terms and conditions that we are seeking to lay down in the foreign aid bill.

I thank the Senator for joining me in making the legislative history. The legislative history being made tonight will not be the last time we shall hear about the subject. We are making legislative history tonight that will arise again and again, and will cause some questions to be asked of the State Department—for example, "What have you done with respect to the Argentine and Chile, or any other country that follows a policy or takes steps that discriminate against American investments in those countries, when they are not protected? What have you done to put the Hickenlooper amendment into full force and effect?"

Mr. HICKENLOOPER. I thank the Senator for his contribution. To button this matter up, I shall put in the Record evidence of expropriation and seizure policies. I want to appear in the Record in connection with this discussion one thing about which the Senator well knows, because we have discussed it. The Foreign Assistance Act already contains a provision as to the announced and adopted policy of the United States, in section 601, part III, chapter 1, under the head of "General Provisions." For ready reference, this language is contained in the report of the Committee on Foreign Relations on the pending bill, which I referred to earlier in my remarks. I read from page 60 of the report:

Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to encourage the development and use of cooperatives, credit unions—

After referring to several other activities, the paragraph continues—

and to encourage the contribution of U.S. enterprise toward economic strength of less-developed friendly countries, through private trade and investment abroad, private participation in programs carried out under this act.

And so forth. We have announced that it is our policy to encourage these very people to go into those countries with American private capital, private enterprise, private ingenuity and money, whether it be in agriculture, mining, or electrical development, or other development. We have encouraged that with one hand, and with the other hand we have failed to stand up and protect the claims of those investors, and the equity of their rightful claims.

Mr. MORSE. The Senator from Iowa is correct.

Mr. HICKENLOOPER. That is all we are trying to reach. I think the sentiment of Congress is pretty well developed in that respect.

I call the attention of the Senator to an announcement which is very interesting. It is stated in a bulletin dated November 12, published by the Alliance for Progress: "U.S. Firm Studies Argentine Investment." It calls attention to the fact that Alcan Pacific Co. of Sacramento, Calif., an Alaskan corporation—and the Senator from Alaska should take note of this—with diversified experience in construction contracting is going to

conduct a survey in the Argentine, and proposes to make an initial investment of about \$1 million on some kind of development project. As the bulletin states, the company expects to obtain about one-half of this amount, equal to \$900,000, in pesos and dollars from public and private lending sources. The Alliance for Progress is putting out further encouragement and announcements.

The constituents of the Senator from Alaska had better be very careful before they put any of their own money into that area by way of private investment, unless we make clear to those countries that American property will be equitably protected, one way or another, once it goes into that country with the authority and approval of the government that invited it.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. MILLER. First, I commend my able colleague for his very thorough and timely speech. I should like to ask a couple of questions with a view to adding something to the legislative history which was just discussed by the Senator from Iowa and the Senator from Oregon.

On page 67 of the report of the Committee on Foreign Relations, to which the Senator from Iowa just referred, I invite attention to the fact that subsection (e) reads:

The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

Does certain things. Subsection (2) under subsection (e) has been added by the committee this year.

Is it the intention that any actions taken, as described in subsection (2), from January 1, 1962, on shall have the results that have been described with respect to the other items that were listed in the act last year?

Mr. HICKENLOOPER. That is the exact intention of the amendments. They refer back to January 1, 1962. It is the intention to have the amendments which we are adding to the present law become retroactive to January 1, 1962. I think that is pretty well understood by the State Department.

Mr. MILLER. So if an oil company had a contract repudiated after January 1, 1962, but prior to the date of the enactment of this act this year, it could seek relief under this act?

Mr. HICKENLOOPER. That is correct.

Mr. MILLER. I have another question—

Mr. HICKENLOOPER. Before the Senator goes to his next question, I point out that in the discussions in the committee and with Members of the Senate in connection with these amendments—I am sure I speak without fear of contradiction by committee members in connection with the intent of this legislation—it was believed that, if there should be any technical legal failure of any kind in connection with these

amendments, there is still enough discretionary power in the Chief Executive to accomplish the objectives; and we expect the administration to do so, even though there may be some legal question under which someone may attempt to crawl in an attempt to avoid the conditions of this provision.

There is broad discretion in the act. We are merely trying to button it up doubly and triply.

Mr. MILLER. The Senator would like to have the administration take action about the way in which he would expect them to take action with respect to their own personal property or money in a similar situation. Is that correct?

Mr. HICKENLOOPER. I hope they do not handle their personal property in the way in which they handle Government property. Therefore, I do not know whether the comparison is quite apt. However, the Senator's observations are well taken.

Mr. MILLER. I should like to ask one or two more questions.

Mr. HICKENLOOPER. I yield.

Mr. MILLER. On page 67 of the report it is stated that if the foreign government, the recipient of our foreign aid, does any of these acts, and if "such country, government agency, or government subdivision fails within a reasonable time to take appropriate steps to discharge its obligations under international law toward such citizen or entity," and so forth.

I suppose that refers to the confiscation of property, and means that an appropriate payment should be made; and we provide further that it be made in convertible foreign exchange.

My question is with respect to the situation described in subsection 2 regarding the nullification of existing contracts?

We do not have the taking of property as such, but we do have damages. Is it the intention behind this provision that under international law damages which may arise from actions taken to repudiate or nullify existing contracts shall also be paid in convertible foreign exchange?

Mr. HICKENLOOPER. Yes.

Mr. MILLER. Equivalent to the full value of the damages?

Mr. HICKENLOOPER. Yes; there is a body of international precedent and law and agreement that has been built up. I am not quite sure what international law is. I know what it is said to be. I am not quite sure what it is, however. It is a hodgepodge of itinerant agreements, treaties, international agreements, and this, that, and the other thing. We could probably go back to the days of Genghis Khan, and pick up old parchments to seek out what international law is. However, there is a generally recognized procedure and form and system of evaluation, to the effect that we must give value for property seized. That principle is pretty well recognized.

Mr. MILLER. In other words, we want that procedure to apply with respect to damages which arise under a nullification of a contract.

Mr. HICKENLOOPER. Yes.

Mr. MILLER. I invite my colleague's attention to the wording of the act, about 10 lines from the bottom on page 67 of the report, where it is provided:

To take appropriate steps, which may include arbitration, to discharge its obligation under international law toward such citizen or entity, including speedy compensation for such property in convertible foreign exchange.

We do not include speedy compensation for such property or damages.

Mr. HICKENLOOPER. No; I believe it was the intent of the committee that under our concept and the concept of most jurisdictions which have a system approaching ours, and even under international law, damages apply when a contract is subject to cancellation or nullification. I believe damages are included.

Mr. MILLER. When the Senator refers to speedy compensation for such damages, he means for such property in a broad sense, including not only personal property, but also property rights under contracts. Is that correct?

Mr. HICKENLOOPER. Yes. Damages under any view include property rights. That may have to be determined by hearing.

Mr. MILLER. The reason why I am asking these questions is that I am afraid that our experience has been that some interpreters of what we do in Congress like to play games with words; and we wish to make it clear that we are covering all reasonable contingencies, so that there will not be any confusion or any excuse that they did not understand what we intended, after they read the report.

My last question relates to the next item, in which reference is made to a failure to take steps designed to provide relief from such taxes. There are two ways to interpret that language. One would be that relief from such taxes would mean not imposing them in the future. That is a form of relief. At least we would not get hit a second time. I suggest—and I would like confirmation from my colleague—that the intention is not quite that easy, but that we intend, as I interpret it, that if discriminatory taxes have been imposed, the relief would relate to the imposed taxes, as well as any future taxes of like kind.

Mr. HICKENLOOPER. It most certainly is the intent, if discriminatory or confiscatory taxes have been imposed, that they be reexamined and readjusted on the basis of equity and fairness, and that, of course, under the law would be the responsibility of the Administrator to determine, or in such other forum as may be properly set up to determine that question.

Mr. MILLER. I thank my colleague. Mr. MONRONEY. Mr. President will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. MONRONEY. I compliment the distinguished Senator from Iowa for his very illuminating and thorough study and presentation of this issue. It strikes me if our aid is to mean anything it will have to be used to make a country self-sufficient. The Senator gave us a graphic illustration when he said that a foreign exchange drain that

cost Argentina \$220 million a few years ago has been cut to \$75 million by the great assistance that has come from American oil companies.

It is my impression that these contracts were arranged at the convenience of the Argentine Government, knowing their fetish for preserving for themselves their mineral rights, and that in order to accommodate the Government of Argentina, the oil companies said, "We will contract with you. We will find the oil, if we can find it, and then we will deliver it to you at a price that will be far below the market price." That price was far below the price of the state-owned oil company.

Mr. HICKENLOOPER. Yes; the Senator is absolutely correct. However, it really goes beyond that. The state-owned oil company had been attempting for years to develop oilfields. They had developed a little oil here and there, but they did not have the money, and they did not have the techniques or the know-how or the competence to do it. They invited the American oil companies to come in and look over the field. They then entered into a contract which was in all probability one of the most advantageous oil contracts ever entered into. I happened to be down there after the contract had been in effect for 2 years. I talked with Argentine officials and with private individuals. Everyone was delighted with it. They were getting oil cheaper than they could produce it themselves.

Mr. MONRONEY. And they were saving foreign exchange.

Mr. HICKENLOOPER. Yes; they were saving foreign exchange. I have tried not to be extravagant in my statement in connection with what I have said. I have tried to underplay, rather than overplay it, but there is much competent authority which declares confidently that if the Argentine Government had met its commitments and had paid for the oil as it was received, probably at the end of this year it would have been self-sufficient in oil.

Mr. MONRONEY. Reinvestment of the payment for the American-produced oil to find new sources—

Mr. HICKENLOOPER. And new development.

Mr. MONRONEY. That is correct.

Mr. HICKENLOOPER. The Argentine oil fields—the Senator from Oklahoma represents, in part, an oil-producing State, so I will not attempt to tell him how an oil field is operated—are in a peculiar situation, so I am told. The oil fields and wells require constant attention and highly skilled know-how. It is not like putting a hole down in the ground and from then on not paying much attention. Oil wells require constant attention. Oilmen could probably describe the situation in more detail; I cannot. But that was one of the troubles. The Argentine Government did not know how to handle the wells. The wells are now producing oil, but the Government is not paying for it. They allowed American capital and know-how to be invested to the extent of \$200 or \$300 million, and are now proposing to confiscate and talk about settlement later.

Mr. MONRONEY. Is that not worse than expropriation? Labor, know-how, techniques, and machinery have been moved into Argentina, at the invitation and request of that country, is now taken without any alternatives being offered in the way of compensation. Argentina land, previously worthless, might now be worth millions of dollars, yet these oil companies would receive no compensation?

Mr. HICKENLOOPER. The land itself probably is not owned by the oil companies. I think the operations are on an employment or contractual basis, as I tried to point out; and under the agreements, at the end of the leasehold or contractual period, the property would eventually revert to the Argentine Government.

Mr. MONRONEY. The producing well would be left intact for the benefit of the country that had invited the oil company to come in. The oil company would be paid for its labor. The arrangement would be a labor contract.

Mr. HICKENLOOPER. That is correct.

Mr. MONRONEY. It would extend for several years, to compensate the company not only for its risk investment, but also for its labor and machinery.

Mr. HICKENLOOPER. It is a production contract.

Mr. MONRONEY. The companies took the greatest risk, it seems to me. The Senator is absolutely correct. The amendment seems sufficient to cover this situation, but does it apply to the Alliance for Progress loans as well as to other aid which is purely and exclusively American?

Mr. HICKENLOOPER. It does. It applies to any act under which we operate.

Mr. MONRONEY. Even though the act authorizes the placement of investments within a consortium such as the Alliance for Progress?

Mr. HICKENLOOPER. That is the intent.

Mr. MONRONEY. I think this is important. Even if a court should perhaps say that it is not, the Senator knows, and it is cited in the earlier reports concerning the act that it is our desire to assist countries by making them self-sufficient, but the act imposes upon the Chief Executive of the United States the obligation to take action of his own accord when there is a violation of the spirit of foreign aid, which we have so hopefully extended to so many nations of the world.

Mr. HICKENLOOPER. The Senator is correct. The President has power to do that in his discretion.

Mr. MONRONEY. There is no question about it.

Mr. HICKENLOOPER. Two interesting things have begun to develop.

When people begin to scheme how they can take the property of someone else, they develop some interesting theories.

The Argentine Government is now attempting to say—this was a political maneuver in their political campaign—that the contracts which were entered into in 1956 and 1957 were illegal; that

therefore, the companies have no rights in them, and that the Government can nullify the contracts. The word "nullification" is used.

However, at the same time, the Government exercised the sole right of taxation on their property and said that it would retroactively tax the property under contract. That was illegal. Of course, if the contract was illegal, the taxes are illegal. There is no provision for taxes. But it depends on whose ox is being gored, as they cast their eyes upon the interpretation of the contract.

Mr. MONRONEY. Can the Senator from Iowa assure the Senator from Oklahoma and other Members of the Senate that even if the language in the amendment does not specifically include the Alliance for Progress, it is the intention of the Senate, in referring to any other law, that those laws authorizing our investment in the Alliance for Progress would be affected, and that the amendment would not only empower, but would in fact be a direction to the Chief Executive that under this set of circumstances the refusal to honor a just debt would bring into force the full effect of the Senator's amendment, even though it involved direct American aid?

Mr. HICKENLOOPER. The Senator is correct. The amendment refers to the AID programs; and the Alliance for Progress is a part of the aid program complex of the United States. It refers to the Alliance for Progress just as much as it does to any other aid program which is in operation anywhere in the world.

Mr. MONRONEY. I thank the Senator from Iowa and compliment him on his fine presentation.

Mr. HICKENLOOPER. I thank the Senator from Oklahoma for helping to develop the basis and effect of the amendment.

Mr. CARLSON. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. The Senator from Kansas is a member of the Committee on Foreign Relations. He can testify in his own right as to the intent, because he, too, labored on the amendment.

Mr. CARLSON. The Senator from Oklahoma raises an interesting point as to whether the Alliance for Progress might not be a part of our foreign aid program and therefore not be covered by the amendment on which the distinguished Senator from Iowa has worked not only at this session but in previous sessions.

The truth is that title VI of the act is the Alliance for Progress. There was never any question in committee that the Alliance for Progress was covered in the Senator's amendment.

Mr. HICKENLOOPER. There can be no question that the Alliance for Progress is an integral part of the entire international aid or assistance program.

Mr. CARLSON. If there had been any question, it would have been well taken care of because, as the Senator from Iowa has stated—and I want the RECORD to be clear—there was no division of opinion in the committee, among any of

its members, as to what we thought was the meaning of the language; and what we wrote into the language is what is known as the Hickenlooper amendment. We wanted it to be all inclusive. We wanted it to be administered on that basis.

I pay my compliments to the distinguished Senator from Iowa for his continuing efforts in behalf of protecting American investors who, we hope, will go into other foreign countries and help to develop them on a private industry basis. The Alliance for Progress is one of our finest programs, and this is the type of amendment we need to protect private industry, and we hope it will.

Mr. HICKENLOOPER. I thank the Senator from Kansas. It is not my intention to protect any one individual from any other individual. What concerns me, and I am sure what concerns the Committee on Foreign Relations and the entire Senate, is that American investors who are invited to go into other countries and are encouraged to develop land by contributing their own capital, know-how, and risk, and will do other things which will add to the basic expansion of those countries that are less developed, will receive fair, equitable, honorable treatment, by any kind of moral and legal standards which we all recognize as just. We want equitable treatment for them.

The amendment is not an attempt to guarantee profits to any company. It is not an attempt to obtain for any American company any undue concessions. It is merely an attempt to guarantee that their investments, their property, their efforts, their techniques and know-how, will not be permitted to be used in a country under the guise of a fair contract or a fair proposition, and once they have developed something that is worthwhile, have the government of that country, under the claim of a taking for government purposes, take the creation of those people without adequate and full compensation.

Mr. LAUSCHE. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I yield.

Mr. LAUSCHE. As the Senator from Iowa knows, I also am a member of the Foreign Relations Committee; and it is my conviction that in the drafting of this section, with the amendments which have been offered to it at this session, it was the intention of the Foreign Relations Committee to provide protection to American investment: first, against expropriation; second, against unlawful violation of contracts; and third, against indirect expropriation through the imposition of taxes or other exactions and excises by foreign governments. I think a reading of subsection (e) will disclose that to be the fact.

I know that the Senator from Iowa, in attempting to make this provision all-embrasive, insisted upon including, as new language in the bill, the following, which has pertinence to what the Senator from Oklahoma has said: "or any other act."

That addition and the others will make this part of the act read as follows:

(e) The President shall suspend assistance to the government of any country to which

assistance is provided under this or any other Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(2) has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(3) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned.

I concur in the statement of the Senator from Iowa that if by chance this language is not found adequate to reach the Alliance for Progress, the committee intended that it should be reached and that the President should not extend aid either directly to countries or indirectly to countries through the Alliance for Progress.

Mr. HICKENLOOPER. Yes.

There has been some rumor—although I do not allege this to be a fact, because I do not know—that certain Government officials in handling the program have been thinking about a device under which our aid funds would be put into an international pot, and when that international pot distributes the money, it will not be affected by expropriation within a certain country, and in that way an attempt might be made to avoid the impact of this amendment.

I say I do not know that is the case, and I do not allege that it is; but I have heard rumors that that is one device which has been discussed as a means of getting around this so-called Hickenlooper amendment and still getting the money to some of these countries, through an international intermediary or pot or account.

I merely wish to say to all and sundry in the Senate and in the State Department and elsewhere that of course that would be a most inexcusable subterfuge and avoidance of the clear intent, not only of this legislation, but also of the will of the Senate itself, in my judgment. I do not say that anyone in the State Department is attempting to do that; but those rumors have been going around.

Mr. LAUSCHE. I hope that is not true.

Mr. HICKENLOOPER. So do I.

Mr. LAUSCHE. I believe the provisions we have written into the bill contemplate aiding the countries to which we are sending help and contemplate insuring the doing of justice to the American investors whom we are encouraging to make investments abroad.

I should like to have a discussion with the Senator from Iowa about another point. He has pointed out the bankrupt condition of the Argentine economy because of the governmental ownership of the railroads and the oil mineral mines since 1958.

Mr. HICKENLOOPER. And also the telephones.

Mr. LAUSCHE. Yes, also the telephones and other public services. In the statement the Senator from Iowa made a few minutes ago to the Senate, he said:

The plight of the Government-run railroads provides a good example of the kind of economic chaos which has been allowed to develop. The volume of freight carried has fallen from 60 million tons in 1942 to less than 30 million tons; yet in the same period, the number of railroad workers has climbed from 90,000 to over 225,000. The result is an annual deficit of some \$300 million which the Government is forced to cover.

Mr. HICKENLOOPER. That is the inevitable result that has so frequently come from government takeovers and government operation of what should be private enterprise and private business.

Mr. LAUSCHE. Am I correct in understanding that in 1942, 90,000 workers handled 60 million tons of freight, but after the Government there took over the railroads, the number of railroad workers increased to 225,000, but they handled only 30 million tons of freight?

Mr. HICKENLOOPER. That is correct, according to information which I have received and which I believe correct. That is a fantastic situation, but it is stated to be the case.

Mr. LAUSCHE. It is said by certain labor leaders that unless certain things are done in the United States, our Government should take over the U.S. railroads. I wonder what would happen if that were to be done in the United States. In my judgment we would follow the same course—led by the devil—that has been followed in countries that have tried to socialize the public utility services.

Mr. HICKENLOOPER. In almost every instance—and I know this occurred not only in Argentina, but also in a great many other countries—when the governments took over those businesses, political pressures on the legislative bodies and the other political bodies in those countries forced an increase in the number of jobs in those industries. It was said, "Put this man to work" or "Put this political henchman to work"; and thus the employment rolls became filled with political henchmen, until the result was as in the case of the Argentine railroads, on which the volume of freight has decreased from 60 million tons in 1942 to less than 30 million tons, although in the same period the number of railroad workers there increased from 90,000 to more than 225,000 who now handle only a little more than one-third of the amount of freight formerly handled by the much smaller number of employees. A similar development has occurred in very many places in the world; and it seems that, inevitably, when the government takes over, the political pressure to create a job for "good old Joe who worked for us down in the third precinct" has its effect, and employment is thus increased greatly, but inefficiency also develops.

Six or seven years ago, when I was visiting in one of the countries of Latin America, I talked with the president of that country, which 4 or 5 years theretofore had taken over the railroads and

the telephone system. He said he was trying then not only to have some kind of compensation paid to those companies, but also to get the railroad companies and the telephone company to take back their utilities and operate them again, because the government could not operate them satisfactorily, and was swamped by the burden of making the attempt to operate them, because of the inability of the government to operate them efficiently. So that is the situation which develops again and again.

Mr. LAUSCHE. Mr. President, in that connection I should like to point out that the International Monetary Fund and World Bank has, as a prerequisite to the granting of financial aid to Argentina, insisted that the overstuffed labor force of the railroads there be reduced by at least 60,000. I refer to that as corroboration of the position taken by the Senator from Iowa in regard to what has happened in Argentina, through its panacea of governmentally operated railroads.

Mr. HICKENLOOPER. Yes, indeed.

Mr. LAUSCHE. Mr. President, will the Senator from Iowa yield further to me?

The PRESIDING OFFICER (Mr. BREWSTER in the chair). Does the Senator from Iowa yield further to the Senator from Ohio?

Mr. HICKENLOOPER. I yield.

Mr. LAUSCHE. Mr. President, will the Senator yield? I should like to get to the subject of mining of oil by the Argentina Government.

Mr. HICKENLOOPER. I yield.

Mr. LAUSCHE. I understood the Senator from Iowa to say that by 1958, although Argentina was supplied with an abundance of oil in the ground, the nation was importing oil and was not able to supply its own needs.

Mr. HICKENLOOPER. I must take some exception to the Senator's statement that Argentina found itself supplied with an abundance of oil. The trouble was that Argentina thought there was oil there, but they had been unable to develop it in sufficient quantities anywhere nearly to meet their needs. They could not bring out the oil. They thought the oil was there. That is why they brought in American companies and asked them to enter into contracts to try to develop the oil that they hoped was there. Some was being developed, but not very much.

Mr. LAUSCHE. The oil mining companies were governmentally operated?

Mr. HICKENLOOPER. They had been for many years.

Mr. LAUSCHE. According to the statement of the Senator from Iowa, by 1958 Argentina's total annual oil production amounted to only 36 million barrels of oil, and the nation was forced to import approximately 65 million barrels to meet its needs?

Mr. HICKENLOOPER. The Senator is correct.

Mr. LAUSCHE. Oil was, in fact, the largest import item and cost roughly \$22 million a year in foreign exchange?

Mr. HICKENLOOPER. The Senator is correct.

Mr. LAUSCHE. After the government called in the American companies and

gave up its own proclivity toward governmental operation, what was the experience in producing oil in Argentina?

Mr. HICKENLOOPER. The experience was that the American companies went into Argentina under contracts with the Argentina Government and began to develop the oilfields and explore for new deposits. The Senator will note that there was only about a 4- or 5-year period in which not alone American know-how, techniques, and machinery were used, but also American capital went in there. It was private money and not government money. By 1962 production had risen to about 100 million barrels.

From approximately 36 million barrels the production had risen to 100 million barrels. Imports went down from 65 million barrels to 20 million barrels. Meanwhile the population of Argentina had gone up. The number of automobiles in Argentina had risen. The use of oil had gone up. So they needed a great deal more oil in 1962 than they did in 1958.

One or two automobile factories were started in Argentina. The need for oil was expanded. The production of the American companies with American capital and know-how had reduced the import necessity and increased the production.

This year they owe one company about \$28 million for oil that had been produced and handed over to them. They have not paid for it all, and they owe some other companies millions of dollars. It is freely predicted that had Argentina gone ahead in an unrestricted operation under the contracts, by the end of 1963 Argentina would have been practically self-supporting in oil. In another 2 or 3 years Argentina could have been a net exporting nation of a substantial amount of oil.

Mr. LAUSCHE. Mr. President, it is my understanding that the record shows that in Argentina the state-owned petroleum industry was opened to private enterprise in 1958. American and European companies are now operating throughout the country. Although approximately \$280 million of foreign exchange is saved yearly, and Argentina is virtually self-sufficient in oil, the national oil monopoly has dissipated its earnings and requires budget support from the central government. Is that in substance the understanding of the Senator from Iowa?

Mr. HICKENLOOPER. It is my understanding that that is the evidence which we have.

Mr. LAUSCHE. I should like to get down to what the Senator from Iowa is urging. Argentina asked foreign capital to come in and operate the industry privately.

Mr. HICKENLOOPER. Contracts were made with the companies involved.

Mr. LAUSCHE. They went in in 1958. Now Argentina is threatening to breach the contracts—

Mr. HICKENLOOPER. To nullify them.

Mr. LAUSCHE. The amendment which the Senator from Iowa has offered contemplates an avoidance of that purpose and effort?

Mr. HICKENLOOPER. Not exactly. We recognize the sovereignty of a sovereign nation to do almost anything it desires to do within its own boundaries. We reserve the right of sovereignty here.

What we would say is that if the Government seizes American property which is lawfully there under an agreement without full compensation for the damages and the loss caused and for the property they have seized, we reserve the right to determine what we will do with our aid money. We would withdraw our aid money. We would not attempt to superimpose our ideas of sovereignty upon Argentina or upon any other country, but we would reserve the right to say what we will do with the money of the taxpayers of our country. We would withdraw aid from them and give them no more aid, if they proposed to play that kind of game.

Mr. LAUSCHE. Mr. President, will the Senator yield further?

Mr. HICKENLOOPER. I yield.

Mr. LAUSCHE. I should like to conclude my participation in the present discussion. Several months ago I read in an article that one could travel 60 kilometers in Argentina for the amount of pesos which would be equal to 2 3/4 cents of American money. I could not believe the statement. I had an investigation made. The report was that in Argentina, for the equivalent of 2 3/4 cents, one could travel 60 kilometers on the governmentally operated transportation system.

Mr. HICKENLOOPER. Thirty-six miles.

Mr. LAUSCHE. That is the charge. The amount was not adequate to liquidate the costs. For that reason, the Argentine Government is in the distressing position in which it now finds itself. That is why practically all the socialistically operated countries are likewise attempting to meet such conditions as I have described.

Mr. HICKENLOOPER. The example stated by the Senator from Ohio could be applied to quite a number of countries. I have in mind one particular small Latin American country in which the government owns the telephone system. Theoretically, one could talk from one side of the country clear across to the other side for the equivalent of about 22 cents. Why? Because the government owns the system and the government is afraid of political reprisals at the polls if the rates are raised to the point at which the system would be at least halfway self-supporting. They pour more money into the operation and thus subsidize it heavily. The net result is that unless the average person pays a handsome sum for a telephone, he cannot get a telephone without a 6- or 7-year wait. He might not get through on the long-distance telephone lines anyway, but if he could, the cost would be about 22 cents. That is the rate for a call clear across the country. Political pressure will not permit them to charge a realistic and practical rate to pay the necessary costs and provide a decent or proper telephone service.

Mr. LAUSCHE. I commend the Senator for his contribution.

Mr. HICKENLOOPER. Mr. President, I had not intended to take this long this evening, but I believe a great many points have been cleared up.

I should now like to read a letter which came into my office last Saturday. I have given it my attention last night and this morning. It is a letter from a man who is quite conversant with Latin America. I do not know him personally, but I have talked with him on the telephone. His name is Eric N. Baklanoff, director of the Graduate Center for South American Studies, at Vanderbilt University in Nashville, Tenn.

I believe this letter is quite pertinent and makes some very telling points. Mr. Baklanoff has specialized in Latin America, its development and its economics. I have permission to use his letter.

The letter is dated November 6, 1963:

DEAR SENATOR HICKENLOOPER: I should like to commend you on the provision which you have attached to the foreign aid bill to safeguard the legitimate interests of U.S. citizens and corporations abroad.

In respect to the current investment climate in Latin America, U.S. investors have been disengaging themselves from the area for good reasons. Brazil has expropriated \$145 million of U.S.-owned utilities without compensation and nationalist politicians there are casting hungry eyes upon the largely Canadian owned \$600 million Brazilian Traction Co. The recently enacted profits remittance law penalizes the reinvestment of profits by foreign companies in that country and in the current year the flow of private foreign capital to Brazil is a tiny fraction of the high levels sustained in the period 1956-61. Creeping expropriation of foreign-owned utility companies has been commonplace throughout Latin America as utility rates were frozen by official decree during the course of inflationary rises in money costs and prices. The consequence, of course, has been a squeeze on profits, failure of new investment in this key sector, and poor service. Government-induced shortages and inadequate service then becomes the "grounds" for nationalizing the foreign firms to put an end, once and for all, to their allegedly "exploitative" and "abusive" practices.

In Venezuela and Peru Castro-Communists have with impunity sabotaged U.S. property valued in the millions. In Chile, the U.S. copper companies have been paying taxes to the Chilean National Government equal to 85 percent of net profits—

As I said a while ago, I believe the latest figure is 87 percent of the net profits. That is my best information—and expropriation of their holdings is a credible possibility after the next presidential election in that country. Meanwhile, the new Argentine administration is moving to unilaterally break its contracts with the foreign oil companies to the disadvantage of the latter although it is recognized that these companies, by making Argentina self-sufficient in petroleum, have saved that country roughly \$300 million annually in foreign exchange resources.

The suggestion, increasingly advanced in our country, that the U.S. Government should insure private firms against expropriation by Latin American governments is not a satisfactory answer. The reason for this is elementary: public funds committed by us to the Alliance for Progress would increasingly be used to bail out private American companies rather than for the social and economic development of Latin American countries.

In the absence of totalitarian police state rule in Latin America, which would extract capital from workers and peasants as well as provide the requisite industrial discipline, it becomes necessary, if economic development is desired, to rely heavily on a structure of incentives among which the monetary factor is necessarily important. If our premise is correct, then it would appear that the proper procedure for our Government would be to do everything in its power to remove as many of the political uncertainties which currently face private investors south of the Rio Grande.

One answer, I believe, is power politics—less at home and more abroad: penalize unacceptable behavior, reward that which is acceptable to us; differentiate between trusted allies and uncommitted opportunist states to the benefit of the former. For example, if country B in Latin America threatens to "go Communist" because of a short-fall in U.S. public assistance, let's put that threat to the test.

In short, we are a great power (some like to call us the "Colossus of the North") among nations. For a change, let's act like one.

Sincerely,

ERIC N. BAKLANOFF,
Director.

In closing, let me point out that we have discussed Argentina today at great length, but the same principle applies to Chile, Peru, or any other country in Latin America. It applied to Honduras, when that country threatened to expropriate American property several months ago. It would apply to any Latin American country which attempted to expropriate and seize the property of Americans, legitimately invested in those countries with the prior approval and agreement of those countries. So, I do not wish it to be understood this evening that we are talking about only Argentina. We are also talking about a possible wave of expropriation and seizure which might sweep across the Latin American continent because it may be "easy money" to seize the property of the "Yankees to the north."

It also would apply to any other country in the world.

It already has applied to Ceylon, and it will apply to any other country in the world that wishes to get something for nothing from "Uncle Bountiful," who has been quite generous during the past 15 to 20 years in his largess. The countries which really need our aid should take advantage of the opportunity to stabilize themselves, to advance themselves, to live with the family of nations, a status to which they aspire and which we hope they will attain.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks the following articles and editorials:

An article published in the Christian Science Monitor of October 21, 1963, entitled "Oil Contracts in Argentina Threatened."

An article published in the New York Herald Tribune of November 10, written by Barnard L. Collier, entitled "Fury Impends Over Argentina—U.S. Oil Firms To Be Dealt Out."

An article printed in the Christian Science Monitor of November 11, 1963, written by Isaac A. Levi, and entitled

"Argentina Rules Out Renewal of Oil Contracts."

An article from the Wall Street Journal of November 12, 1963, entitled "U.S. Envoys Fail To Convince Argentina To Keep Pacts With Foreign Oil Concerns."

An Associated Press article published in the Washington Post for November 12, 1963, entitled "Argentina Reaffirms Oil Annulments."

An Associated Press article published in the Washington Star for November 11, 1963, entitled "Latins Seeking Greater Voice on U.S. Aid."

An article published in the New York Times of November 12, 1963, written by Edward C. Burks, and entitled "Argentina Bars Oil-Pact Accord."

An article published in the New York Times of November 13, 1963, written by Juan De Onis, and entitled "Latin Leaders See Crisis in Alliance for Progress."

An article written by Mr. Edward C. Burks, and published in the New York Times for Wednesday, November 13, 1963, entitled "Argentina Hints Oil Pacts Won't Be Continued."

An article published in the Christian Science Monitor for November 13, 1963, written by Bertram B. Johansson, and entitled, "Argentina: U.S.-Aid Crisis."

An editorial published in the Washington Post of November 11, 1963, entitled "The Alliance Founders."

An editorial published in the New York Times for November 13, 1963, entitled "Cracks in the Alliance."

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HICKENLOOPER. I could fill the RECORD with clippings and news stories from across the seas and in other areas, but I put these numerous clippings in the RECORD to show that this is a movement that has received considerable attention, and that there is a great basis for apprehension.

I ask unanimous consent to have printed following my remarks a study which I have had made, entitled "Creeping Expropriation"; as well as another result of a little research, which is entitled "Some Recent Instances or Threats of Creeping Expropriation," with the specification at the top of the paper that they are only examples, and it is not an exhaustive listing, referring to such countries as Brazil, Mexico, Venezuela, Colombia, Canada, Ceylon, and France, showing various stages of seizure of American property and expropriation.

The PRESIDING OFFICER. Without objection, the material will be printed in the RECORD.

(See exhibit 2.)

Mr. HICKENLOOPER. Mr. President, I also ask unanimous consent to have printed at the conclusion of my remarks a statement contained in the report of the Foreign Relations Committee on the bill, under the heading "Major Instances of Expropriation of Property Belonging to U.S. Nationals Since World War II." This study was developed as of early 1962. It merely indicates that the problem has been with us a considerable time. I refer to pages 93, 94, and 95 of the committee report.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. FULBRIGHT. The Senator from Iowa has taken the lead in the committee in the introduction and perfection of what is commonly called the Hickenlooper amendment, which I believe, and I am sure the committee believes, would apply to situations such as he has described in Argentina and in other countries.

I think that in fostering this amendment he has rendered a great service and that it is a great improvement in the bill.

I do not believe there is any doubt that the amendment applies to the situation in Argentina. If the officials of that country have any respect for or hope in the Alliance for Progress, they will find a way to comply with the provisions of the amendment. In other words, if they insist on expropriation, they will find themselves in a process of decompensation, as provided for by the amendment.

Mr. HICKENLOOPER. I thank the Senator from Arkansas, the very able chairman of the Foreign Relations Committee, who has been helpful in obtaining an objective study of this matter in the committee, and who has contributed valuable suggestions as to how to best approach a difficult situation.

It is not my feeling, and I think it is not that of members of the committee, to impose conditions or situations which are so oppressive that they will not work. We want, in fairness, equity, and decency, to assist other countries to establish themselves on a basis of stability and progress. That is what we are searching for. But I am sure most of us are of the opinion that for them to continue along the lines which they have been following will lead to nothing but economic chaos and destruction—from which we hope we can lift them, if our aid counts for anything. If it does not, and they are not able to take advantage of the bounty which American taxpayers are supplying them, we had better pull out and see what will happen.

I hope we can work out with those countries a basis of equity, fairness, decency, and appropriate concepts of property and moral rights, such as their own citizens have, and that we can make progress. I rely upon the State Department to be cooperative in using its vigor, authority, and great influence in accomplishing this objective.

That concludes my remarks, Mr. President. I appreciate the patience of Senators in listening to my remarks, but I believe this is a record which we have made for a firm understanding by countries of the world that there is an end to our gullibility or our unrequited bounty, and that while we are, I am sure, willing to go far in our assistance to other countries, there is a limit beyond which we will not go. Other countries had better understand this quickly, not only for their own general progress, but for the good of the common goal of the

advancement of human liberty and economic development.

EXHIBIT 1

[From the Christian Science Monitor, Oct. 21, 1963]

OIL CONTRACTS IN ARGENTINA THREATENED

BUENOS AIRES.—The newspaper La Nacion says that contracts between the Argentine Government and private oil companies soon will be annulled by presidential decree.

La Nacion gave no source for its information. It merely said the contracts with private oil companies "will, according to our best references, be declared null and void by an executive branch decree" to be issued in the near future.

Meanwhile, it added, President Illia's new cabinet is consulting various government agencies and experts on the subject.

According to La Nacion, once annulled, both the contracts and the new decree scrapping them will be submitted to Congress for consideration.

Most of the contracts involve American companies. They were negotiated and signed in 1958 at the start of deposed President Frondizi's government in an effort to boost Argentina's oil production.

Argentina, at the time, spent about \$250 million importing oil from abroad to make up its production deficit. All phases of production were monopolized by a state agency.

Since, Argentina has become nearly self-sufficient in oil and even has some small surpluses for export. Experts claim the enormous boost in production was brought about by the contracts, which still left full title of the oil extracted to the state.

President Illia's Peoples Radical Party (UCRP) won this year's special general elections with "annulment of oil contracts" as the main plank in its campaign.

The UCRP and other parties have repeatedly criticized the oil contracts of the Frondizi administration as "illegal" on the premise that Mr. Frondizi never submitted them to Congress for consideration.

Critics also say the contracts enable the companies to overcharge for the oil. They assert that better terms, much more favorable to the government could have been negotiated.

[From the New York (N.Y.) Herald Tribune, Nov. 10, 1963]

FURY IMPENDS OVER ARGENTINA, U.S. OIL FIRMS TO BE DEALT OUT (By Barnard L. Collier)

In spite of all the U.S. bellowing and cooing to get him to change his mind, Argentina's newly elected President Arturo Illia is stuck. He is going to keep his campaign pledge and nullify the 6-year-old contracts with eight U.S. oil companies.

The move is likely to come soon—probably within a week. It is unlikely that even Under Secretary of State W. Averell Harriman's chat with Mr. Illia last week, in which "that touchy subject" was so carefully broached, will alter the plans for cancellation.

And just as sure are the repercussions the Argentine decision will provoke. An enormous fuss is imminent in the U.S. Congress; the majority of the oil companies involved are set to attack the "ultra-nationalist blunder." The State Department will fret. And again the Alliance for Progress concept will be endangered.

CAN'T BACK DOWN

But 63-year-old President Illia, a country doctor turned politician, who wooed a lot of nationalistic Argentine votes last July by promising to annul the controversial contracts, is in no position to back down. The realities of Argentine politics and the chau-

vinistic passions oil arouses in Argentina would make reversal tantamount to jumping off the Casa Rosada Presidential Palace roof.

"Therefore," says a high Argentine diplomatic official, "the thing must be done, the furor allowed to pass over. Then some cool-headed negotiating can take place."

That is the optimistic viewpoint. What bothers many observers both in the United States and Argentina, is whether the matter will explode into such a messy issue that the prospects for negotiation will evaporate in the white heat of nastiness and invective on both sides.

At the moment this is a strong possibility. The first shock waves of the contract cancellation are sure to be felt in the U.S. Senate, which is in no mood these days to cater to the whims of foreign governments when it comes to tampering with U.S. investments legally made.

FOREIGN AID

Most disturbing is the amendment to the foreign aid bill put up by Senator BOURKE B. HICKENLOOPER, Republican, of Iowa, which would make statutory a suspension of economic aid to any country which decides to "repudiate or nullify existing contracts or agreements" with U.S. citizens or corporations.

If Dr. Illia goes through with the oil cancellations, Senator HICKENLOOPER's provision would directly apply to Argentina—a grim prospect for a country trying to recover from almost 3 years of total economic chaos.

If aid to Argentina is cut off under the Hickenlooper measure, a good many people will agree that the Argentines are getting just what they deserve. Foremost among these are several oil company men who pressed Senator HICKENLOOPER into tacking on the amendment which the Senator describes as a "shock treatment" to make it clear that Congress takes seriously treatment of U.S. industry abroad.

The oilmen contend that when the contracts were signed with the regime of former President Arturo Frondizi back in 1958, everything was done in good faith.

"We stuck our necks out to invest in Argentina," says one oil executive, "and we produced more than anyone could have hoped for. The contracts were and are perfectly legal and binding. Now that we stand to make some profit, the Argentines are reneging."

Unquestionably, the U.S. oil companies which were given contracts to drill, produce and sell oil to the Argentine oil monopoly Yacimientos Petroliferos Fiscales (YPF) did a remarkable job.

In 1958, the Argentine economy was sagging under a \$250-million-a-year foreign trade deficit because it was forced to import the bulk of its oil products. Within 3 years after the contracts were signed, the nation was virtually self-sufficient in oil and the debt was wiped out.

The contractors were given areas for exploration (not land concessions) by YPF, and took the risk of finding or not finding oil there. At least three of the oil companies found few gushers; others struck oil quickly and under the contracts delivered all that was pumped to YPF for a predetermined price ranging from \$1.75 a barrel to \$1.59 a barrel. The standard import price for oil to Argentina before the contracts, according to the oilmen, was \$2.60 a barrel.

In all, U.S. oil companies invested and re-invested nearly \$350 million in their Argentine operations—one of the largest injections of private capital ever made in Latin America. "Sure, we stood to make profits commensurate with our risks—we invested nearly \$100 million in wildcatting and development on an if-come," said one oil spokesman.

"But all our equipment is now the property of YPF and we found oil and pumped it—which is something YPF could never have done," he added.

NATIONALISTIC FEVER

Although most knowledgeable Argentines agree that YPF had a difficult time finding oil in a crankcase, they are now in the grip of a nationalistic fever that according to State Department sources—and also the oilmen—has ruled out any effective negotiation on the matter so far.

In previous statements, Dr. Illia has said firmly that the contracts would be annulled but would immediately be renegotiated on terms more acceptable to Argentina. The new terms would most likely include a reduction in sale price to YPF, more Argentine representation in operations, and an end to tax benefits for the oil companies.

But the U.S. oil men are worried that an upsurge of even stronger nationalism might rule out Dr. Illia's "honest good intentions" in renegotiating the contracts and result in outright confiscation.

If the companies are indeed expropriated there would be no way—the pie-in-the-sky schemes of some Argentine nationalists notwithstanding—to reimburse the companies with anywhere near the amount to which they are legally entitled.

SILLY PLANS

Says one Argentine businessman: "There are silly plans to pay off the companies out of profits YPF would make over the next 4 years or so. This is absurd. First, YPF is not capable of making a profit; second, it needs all the funds it can get for already accrued debts. Like it or not, Argentina must find some way to get along with the oil companies—but the oil companies must also realize that they must compromise."

At the moment, it appears that unless one side or the other grows childishly rash or irate, a compromise can be worked out.

According to many oil men, the companies are ready to sit down and negotiate new contracts if Dr. Illia will only give assurances that he can get a green light on doing so. Up to now, the oil men claim, they have not tried to press the renegotiation issue because the Illia government, caught up in the nationalist tide, has merely repeated over and over that the nullification will take place to soothe the national conscience.

The nationalists continue to raise the issue of the contracts alleged illegality, charging that the Frondizi regime violated the constitution, harmed the economy, and agreed to pay far too much for the oil the contractors pumped.

SILENT MEN

The Argentine press gives these charges large play and, not wanting to indulge in an all-out battle now, most Argentine businessmen—even those opposed to the nullification—have kept silent on the matter, hoping for a cooling-off period.

For their part, the U.S. oil men, constantly peppered by implications that too many pay-offs were made to get the contracts, have been content to postpone any really hard negotiations and merely say: "The contracts are good. There was no hanky-panky."

If both sides stick to a hard line after the cancellations, most observers agree that the result can only be a catastrophe for Argentina and a blow to the Alliance for Progress. Unless quick action on renegotiation is taken, the flight of foreign capital from Argentina and the rest of Latin America is almost certain to be swift and devastating.

If the Hickenlooper amendment is put into effect, the reaction in Argentina and the rest of the hemisphere is sure to be unanimously anti-United States—a fact which even the oil men who pushed for the amendment admit. State Department officials break into a cold sweat just thinking about it.

What is needed now, says one Latin American diplomat, is a period of calm that isn't going to come.

"Dr. Illia will annul the contracts and there will be the storm. But neither side can forget that the annulling isn't the end. There must be voices of reason who will see the political implications on both sides and realize that Argentina and the United States—two mature nations—can certainly work out this matter without a break that would be pitiful for all concerned."

[From Christian Science Monitor, Nov. 11, 1963]

ARGENTINA RULES OUT RENEWAL OF OIL CONTRACTS

(By Isaac A. Levi)

BUENOS AIRES.—Oil company executives are showing concern at a statement by the Argentine undersecretary of power and fuels that their contracts with the Government—once canceled—will not be renegotiated.

The undersecretary, Juan Sabato, told newsmen the Government's special oil study commission "has absolutely discarded all possibility of renegotiating these contracts."

Oil company executives refused to be quoted by name, but many of them expressed concern privately at Mr. Sabato's statement. Word had been going around the oil industry this week that some of the contracts—once annulled—would be renegotiated.

CONTRACTS CHALLENGED

Annulment was a main plank in the election campaign platform of President Arturo Illia's Peoples' Radical Party (UCRP).

The party maintains the contracts are illegal because they were not subjected to congressional approval when signed by President Arturo Frondizi's government in 1958-59.

The UCRP platform also charges they are harmful to Argentina's interests and detrimental to Yacimientos Petroliferos Fiscales (YPF), the Argentine state oil concern.

Mr. Sabato is the Government's foremost advocate for canceling the contracts. He said the study commission has already drafted the necessary decrees and submitted them to President Illia for his approval and signature.

"The situation is [now] in the hands of President Illia," he said. President Illia is expected to call a full-dress cabinet meeting—probably within a few days—before final action on the measure.

HISTORY TRACED

Oddly enough, the contracts—about 10 in all—were negotiated and signed by Mr. Sabato's younger brother, Arturo, an emphatic proponent of allowing the oil companies to continue working here unhampered.

Arturo was President Frondizi's personal delegate to YPF, and as such was directly responsible for negotiating the contracts—most of them with U.S.-owned companies.

That was in 1958. At that time Argentina imported 65 percent of its oil for a total value of about \$200 million. Since then, Arturo asserts private companies have made Argentina nearly self-sufficient.

The combined investments of the U.S. oil companies alone total an estimated \$397 million. Statements by various Government officials about the possibility of indemnification are conflicting.

Some Government officials indicate the companies would be indemnified. Others, however, have told reporters there will be no compensation.

[From the Wall Street Journal, Nov. 12, 1963]

U.S. ENVOYS FAIL TO CONVINCE ARGENTINA TO KEEP PACTS WITH FOREIGN OIL CONCERNS

BUENOS AIRES.—U.S. negotiators apparently failed in their attempt to deter Argentina

from canceling foreign oil contracts in this South American land.

Hardly had Under Secretary of State W. Averell Harriman left Buenos Aires Sunday than the Argentine Government leaked a communique announcing its "sovereign and irrevocable decision" to annul the contracts this week.

The communique had been designed as a joint United States-Argentina statement after Mr. Harriman completed his talks with President Arturo Illia and other Government leaders. But a high Government source said Mr. Harriman "understandably, didn't want to sign."

President Illia and Mr. Harriman firmly stated their positions in conversations Sunday, informed sources said.

ALLIANCE FOR PROGRESS THREATENED

An authoritative U.S. source said "failure by the Argentine Government to act within the concept of the U.S. position can harm this climate (for foreign capital) and with it the Alliance for Progress."

Argentina, it was understood, has promised to act within the law and to compensate the foreign companies if the contracts are annulled. The communique, however, made no mention of indemnification. The United States has demanded just and immediate compensation be paid.

U.S. Ambassador Robert McClintock is known to have planned a trip to Washington later this month to report on Mr. Illia's new administration. Now he may be called home earlier.

In his successful campaign for the Presidency, Mr. Illia assailed the legality of the 1958 foreign oil contracts because he charged Arturo Frondizi, then Argentina's President, signed them without authorization from the Argentine Congress. Mr. Illia restated his views in his inaugural address last month.

Under the disputed contracts, the foreign companies are allowed to explore and develop oil reserves in areas assigned to them by the Argentine oil agency, YPF. Any oil found, however, doesn't belong to the companies. It must be delivered to YPF, which compensates the companies for their expenses at a predetermined rate. For some of the producers, the compensation amounts to \$1.59 to \$1.70 a barrel.

COMPANIES INSIST CONTRACTS ARE LEGAL

The foreign oil companies, mostly U.S. concerns, insist the contracts are legal and that under this assumption they have invested \$397 million since 1958 in developing Argentina's oil industry.

The Government, informants said, hopes that much of the work done by the foreign companies can be taken over by the state oil agency, now undergoing reorganization at Mr. Illia's order.

More information about Argentina's plans are expected to be announced today in a television and radio address by Facundo Suarez, president of the Argentine oil agency.

The affected companies include: Esso (Argentina), Inc., a subsidiary of Standard Oil Co. (New Jersey); Tennessee Argentina, S.A., a subsidiary of Tennessee Gas Transmission Co.; Pan American Argentina Oil Co., a subsidiary of Standard Oil Co. of Indiana; Transworld Drilling Co., a subsidiary of Kerr-McGee Oil Industries, Inc., and units of Continental Oil Co., Cities Service Oil Co., Marathon Oil Co., the Royal Dutch-Shell Group, Southeastern Drilling Co. and Ente Nazionale Idrocarburi of Italy.

[From the Washington (D.C.) Post, Nov. 12, 1963]

ARGENTINA REAFFIRMS OIL ANNULMENTS

BUENOS AIRES, November 11.—Despite U.S. warnings, the Argentine Government reaffirmed today its sovereign and irrevocable decision to annul oil contracts with foreign companies, most of them American.

A high Government source said the Argentine position was made clear to W. Averell Harriman, U.S. Under Secretary of State for Political Affairs, in talks with Government leaders last weekend.

Informed sources had reported Harriman warned that cancellation of the oil contracts without just compensation could harm the program of U.S. aid to Argentina as embodied in the Alliance for Progress program.

President Arturo Illia emphasized in his talks with Harriman and U.S. Ambassador Robert McClintock that the Government would move in a legal and nonviolent manner, the Government source said. Indemnification also was promised "within the just rights of a company as determined by law," the source added.

However, there was no mention of indemnification in a communique leaked by the Government. The communique was to have been issued Saturday as a joint statement by Argentina and the United States. This communique announced the decision to annul the contracts and said the action will be taken this week.

"Harriman, understandably, did not want to sign," said the source. "That was when the compromise communique was issued which merely referred to the oil issue in vague terms."

Argentina insists the contracts are illegal because they were never submitted to Congress but were entered into by a decree issued by Arturo Frondizi when he was President.

Major oil company representatives met with Harriman yesterday before he left for São Paulo and an important meeting of the Alliance for Progress. They told him that they too had been unable to dent the Argentine attitude on the contracts.

[From the Washington (D.C.) Star, Nov. 11, 1963]

LATINS SEEKING GREATER VOICE ON U.S. AID
SÃO PAULO, BRAZIL, November 11.—A hot ministerial debate is looming over a proposal to give Latin members of the Alliance for Progress a bigger voice in the administration of Washington's multi-billion-dollar program.

The plan, already approved by U.S. and Latin technical experts, came before top-level representatives of the 20-nation Alliance at a conference of the Inter-American Economic and Social Council opening today. U.S. Under Secretary of State W. Averell Harriman was expected to endorse the plan.

The idea behind the proposed change is to minimize the program's Yankee overtones in an effort to make it more palatable to the recipients. The Alliance, developed under President Kennedy's administration, has met stiff resistance from the dominant conservative class in most countries because it calls for reforms that would curtail their privileges.

CLEARINGHOUSE URGED

The technical experts recommended that the Council establish a permanent agency called the Inter-American Committee for the Alliance for Progress. It would act as a clearinghouse for Alliance projects.

The agency, with headquarters in Washington, would consist of seven members selected by the Inter-American Economic and Social Council.

Brazil was reported opposed to the proposed new setup.

Several nations suggested that Brazil—which has received more than \$752 million in foreign aid but has little to show for it—is afraid the other Latin American nations will be less sympathetic to her perennial plight than the foreign money sources she has cultivated.

Also on the Council agenda were resolutions dealing with foreign trade and economic integration.

NO ASSURANCES ON OIL

Mr. Harriman came to São Paulo after conferences in Argentina on that nation's plan to annul oil contracts of U.S. and other foreign firms.

Authoritative sources in Buenos Aires said Mr. Harriman left without assurances that the contracts would not be canceled. An American source there said:

"We did not even find out in our talks with Government officials exactly why Argentina objects to the contracts."

"It was made very plain to Argentina that it would not make much sense for the U.S. Government to make loans to governments which would abrogate contracts and then would seek to do work that could be done adequately by private firms."

[From the New York (N.Y.) Times, Nov. 12, 1963]

ARGENTINA BARS OIL PACT ACCORD—HARRIMAN MISSION IS CALLED FAILURE—AID SAYS U.S. COMPANIES OWE TAXES

(By Edward C. Burks)

BUENOS AIRES, November 11.—Argentine newspapers said today that W. Averell Harriman, Under Secretary of State for Political Affairs, had failed in his mission to persuade Argentina to soften her stand against U.S. oil companies.

Hints that the American companies involved might get relatively little compensation when Argentina took them over were also printed.

The leading afternoon paper La Razón quoted Antulio Pozzolo, Fuels and Energy Secretary, as having said the companies owed a huge amount of back taxes.

The compensation to them would thus be sharply reduced when they are taken over. The Argentine Government intends to cancel the contracts under which the American companies have been working here soon, probably this week.

COMPENSATION IS AT ISSUE

The major point of dispute is whether the companies will receive prompt and adequate compensation. They say they have invested more than \$200 million here and that Argentina's State Petroleum Authority owes them more than \$100 million for delivered oil.

The dispute has caused the severest strain in United States-Argentina relations in years.

There are reports that both the Italian State Oil Authority and the Russians are active trying to enter petroleum production in Argentina when the Americans leave.

The issue has taken on highly nationalistic tones in a number of newspapers.

SIGNED WITH FORMER REGIME

The companies involved signed contracts with the government of President Arturo Frondizi to drill wells and produce oil here for the State Petroleum Authority, and in one case to operate a distribution system including service stations. The Government contends that the contracts are illegal, having gone into effect without ratification by Congress. The Frondizi government put the contracts into effect by executive decree.

But Mr. Pozzolo and others go further and maintain that since the contracts are illegal, the tax-exemption clauses in them are, too.

Mr. Pozzolo has been quoted in the press as having said it is now a question of "who owes whom."

Mr. Harriman left yesterday after having warned Argentine officials that cancellation of the contracts without adequate and prompt compensation would severely impair Argentina's prospects for aid under the Alliance for Progress.

Mr. Harriman is heading the U.S. delegation to the Inter-American Economic and Social Council Conference at São Paulo, Brazil.

The press here is printing articles to the effect that the American companies knew the severe risks they were taking in signing the contracts with the Frondizi government.

The companies say Dr. Frondizi was a legally elected President and that the procedure for the contracts was legal.

President Illia has said the companies will receive "just compensation under Argentine law. Mr. Harriman, however, seemed to be dissatisfied with what he heard from Government officials on compensation or the possible renegotiation of the contracts.

Since the American and other foreign companies began their operations in 1959, Argentine oil production has nearly tripled and the country has almost attained economic self-sufficiency.

But there were many complaints from Argentine officials that the country had to pay too much.

Government sources were quoted today as having said that Dr. Illia had succeeded in getting a high-level Washington negotiator like Mr. Harriman to come here, whereas Dr. Frondizi, despite all his friendly overtures to the United States, had never had such success.

[From the New York (N.Y.) Times, Nov. 12, 1963]

PERIL TO ALLIANCE FUNDS SEEN

WASHINGTON, November 11.—Administration officials suggested today cancellation of Argentina's contracts with United States and European oil companies could upset efforts to get Congress to vote more funds for the Alliance for Progress.

The Argentine proposal and a similar one in Peru strike at the heart of the administration's policy to encourage private capital, in both the United States and Western Europe, to supplement Government financing of Alliance programs.

Aware of the trend toward nationalization, the Senate is considering a provision in its foreign aid bill that would require the President to suspend economic assistance to any country that decides to "repudiate or nullify existing contracts or agreements" with American companies.

Senator HUBERT H. HUMPHREY, of Minnesota, the majority whip, who last week led a drive to restore \$75 million to bring Alliance funds back to \$525 million, was dismayed at the developments in Argentina.

"Congress is no longer in a mood to give lending authority to the administration so that the money can be used by our Latin American friends to expropriate private American properties."

President Kennedy can be expected to express this concern in Miami next weekend to Argentina's Vice President, Carlos Humberto Perette, diplomatic officials disclosed today.

Mr. Kennedy is scheduled to attend the annual convention of the Inter-American Press Association. Mr. Perette will be in Miami for an Argentine Friendship Week.

Diplomatic sources said it was virtually certain that the President would take advantage of Mr. Perette's presence in Miami to emphasize the administration's problems as a result of the proposed Argentine action.

Mr. Perette is considered to be among those advising President Illia to assume an intransigent attitude on the cancellation of the contracts. The Vice President has denounced the contracts as unconstitutional and harmful to the Argentine economy.

It is understood that the Vice President and a group of officials in the recently inaugurated Argentine administration would like to turn over the assets of the private companies to the Government Petroleum Authority. To keep payments for compensation to a minimum, the officials were said to have suggested that the companies pay heavy retroactive taxes for the 5 years they have been in operation.

Under the administration of President Arturo Frondizi, the companies were promised special tax concessions and participation in profits.

[From the New York (N.Y.) Times, Nov. 13, 1963]

LATIN LEADERS SEE CRISIS IN ALLIANCE FOR PROGRESS

(By Juan De Onis)

SÃO PAULO, BRAZIL, November 12.—Latin America's economic leaders agreed unanimously today that there was a crisis in the Alliance for Progress.

The need for powerful new measures to activate economic growth in Latin America was posed before the second annual review meeting of the Alliance for Progress here. There was more criticism of U.S. aid policies and of international trade conditions than there was of Latin American failings.

The assembly of delegates from 20 countries, including the United States, engaged in the Alliance for Progress, heard José Antonio Mayobre, executive secretary of the United Nations Economic Commission for Latin America, Felipe Herrera, president of the Inter-American Development Bank, and Raul Prebisch, secretary general of the United Nations World Conference on Trade and Development.

"What is apparent before the eyes of the world," said Dr. Mayobre, "is that after 2 years of this program we are far from attaining the minimum goals set by us and that in many countries stagnation, economic retrogressions and the inflationary spiral are the predominant situation."

He attributed the problem to the deterioration in recent years of Latin America's share of world trade and a growing inability to pay for imports vital to development. This, he said, has led to indebtedness beyond bearable limits.

Dr. Mayobre said that on the basis of United Nations figures, the net influx of capital into Latin America, excluding Cuba, between 1955 and 1961 was \$8 billion.

"The contribution of foreign capital has barely served to compensate, in incomplete form, for the losses occasioned by the deterioration of prices," Dr. Mayobre added. He said that "in the present condition, foreign financing has not signified a satisfactory substitute for foreign trade."

Mr. Herrera, whose Inter-American Bank has loaned more than \$600 million in Latin America since it was founded in 1961, said that it was "a tangible fact that recent contributions of foreign private investment in the continent show a notorious declining rhythm."

As a result, he said, the Alliance for Progress expectations for foreign private investment had not been fulfilled.

The Alliance for Progress, as proposed by President Kennedy and adopted at the Punta del Este, Uruguay, meeting of American finance ministers in 1961, forecast \$20 billion in foreign investment over 10 years, of which half was expected to come from private sources.

Dr. Prebisch, who is organizing the major United Nations World Conference on Trade Relations Between the Industrial and Underdeveloped Countries, placed Latin America's foreign income problem in the larger framework of all the less developed countries.

The prominent Argentine economist said that if present trends were not reversed the underdeveloped countries would as a whole be \$20 billion in debt to the industrial countries by 1970.

He added that it was impossible for the underdeveloped countries to carry such a debt and that the consequence would be a reduction in their internal rates of development, highly dependent on imports.

"Unless there is a new formulation of world trade," Dr. Prebisch continued, "the

underdeveloped countries of Latin America will not be able to fulfill the target of an annual increase of 2.5 percent per capita in gross national product called for by the Alliance for Progress."

He said a compensation fund should be created by the wealthy nations to offset price declines.

Both Mr. Herrera, a Chilean, and Dr. Mayobre placed heavy emphasis on the political and psychological difficulties posed by an impression that the Alliance for Progress was a U.S. aid program and not a cooperative effort.

The U.S. delegation, led by W. Averell Harriman, Under Secretary of State for Political Affairs, has recognized this Latin American criticism, and is supporting the creation of a predominantly Latin American coordinating committee for the Alliance for Progress.

There is still considerable division of opinion among Latin Americans on what the powers and framework of this proposed seven-man committee should be, with Brazil in open dissent.

Dr. Mayobre, in an open reference to the U.S. Congress, said that such a committee would be doomed to failure in Latin American eyes, if its launching coincided with "the reduction of aid funds, with unilateral conditions imposed on the granting of loans, and the failure to adopt bold decisions to improve the circumstances of our foreign trade."

[From the New York (N.Y.) Times, Nov. 13, 1963]

ARGENTINA HINTS OIL PACTS WON'T BE CONTINUED—OFFICIAL SAYS COUNTRY CAN PRODUCE WITHOUT HELP OF FOREIGN CONCERNS

(By Edward C. Burks)

BUENOS AIRES, November 12.—Facundo Suarez, new president of the Government's Petroleum Authority, indicated in a speech today that the petroleum authority could carry forward Argentina's oil-production program on its own.

This was interpreted by some oil men as an indication that Argentina would not renegotiate the contracts of U.S. companies once these contracts were canceled.

The U.S. companies have been working directly for the petroleum authority.

The government of President Arturo Illia says that the contracts, signed with the Government of President Arturo Frondizi, are illegal because they were put into effect by executive power, without congressional ratification.

Foreign Minister Miguel Zavala Ortiz, in another attack on the disputed contracts, said that Argentina must rid herself of a feeling of dependency. He addressed the Foreign Press Association today. Mr. Zavala Ortiz said: "We Argentines have to affirm confidence in ourselves." He said that the Government's policy was one of peace and friendship with all and of solidarity with the free world.

A major contention of the new Government is that President Frondizi violated democratic procedure by approving contracts detrimental to the economy without getting competitive bids.

NO FORMAL COMPLAINT MADE

The Government has made no formal complaint about the contracts to the U.S. companies. "They have not told us what's wrong," an executive of one company said today. "We have had no chance to explain our position."

When American and several other foreign companies began operations here in 1959, Argentina was spending \$250 million a year—20 percent of her total import expenditure—to import petroleum.

The U.S. companies point out that the Government Petroleum Authority, working without foreign help, had been unable to

produce more than one-third of the country's oil needs.

After the foreign concerns began operations, Argentine production nearly tripled by the end of 1962.

Mr. Suarez, the president of the Petroleum Authority, said today that there had been an attempt to run down the abilities of the authority and to cause an inferiority complex here at the time the contracts were signed.

He said the Authority had thus delivered to the U.S. companies large sums of money that it could have used for its own development.

An American executive said that the companies, working to explore for oil and to develop oilfields, had invested a total of \$237 million and by July of this year had only received a return of \$132 million.

Argentine officials deny this.

Mr. Suarez charges that the American companies moved into areas where the state Petroleum Authority had already proven the existence of large quantities of oil. He continued that the state Authority now produced 70 percent of the country's oil, while the private companies working under contract here accounted for only 30 percent.

Official figures show that for 1962, one-half of Argentina's oil was produced either by foreign companies working for the Petroleum Authority or from wells drilled by foreign concerns. Mr. Suarez expressed confidence that Argentina could produce 96 percent of her present petroleum need.

[From the Christian Science Monitor, Nov. 13, 1963]

ARGENTINA: U.S.-AID CRISIS—SEIZURE TEST (By Bertram B. Johansson)

In the short range, what the Kennedy administration is concerned about in the Argentine petroleum expropriation issue is the reaction it could create in Congress handling of the foreign aid bill.

Expropriation at a time when Alliance for Progress funds are pouring in could sour the foreign-aid bowl of cream even further.

One of the many riders attached to the foreign-aid measure is an amendment filed by Senator BOURKE B. HICKENLOOPER, Republican of Iowa, which would cut off aid to any country expropriating American oil companies.

CURB ON CEYLON NOTED

This is a refinement of an earlier foreign-aid amendment, passed last year and also sponsored by Senator HICKENLOOPER, that cuts off foreign aid to any country expropriating U.S. shareholder-owned properties without prompt and adequate compensation.

The 1962 measure already has been applied in Ceylon where the United States suspended aid in February 1963. The Ceylon government had taken over American-owned Esso and Caltex petroleum installations in June 1962, and had not come forward with compensation.

The compensation issue is of extreme interest in the United States, especially since the Castro government expropriated some \$1 billion of U.S.-owned properties in Cuba without coming forward with effective compensation.

Premier Castro's charges of a U.S. economic blockade against Cuba, in the opinion of many persons whose property was expropriated by the Castro government, sound hypocritical. Much of the U.S. isolation policy is based on the fact of the Castro expropriations as well as his deep alignment with the Communist camp.

PAY ACCENTED

In the Argentine instance, where W. Averell Harriman, Under Secretary of State for Political Affairs, has attempted to impress the Illia government of the advisability of providing for just compensation, the petroleum companies have helped bring the coun-

try to the point of self-sufficiency in petroleum. In fact, Argentina now exports petroleum, and saves some \$300 million in foreign exchange it formerly spent to import petroleum.

Contracts for oil well drilling, extraction, and, in some instances, for distribution of Argentina's rich petroleum resources were made during the Frondiz administration. President Illia now contends the contracts were not legal because not approved by the Argentine Congress but only by executive decree.

Even if there are differences between the Illia government and the petroleum companies on the amount the American firms should be receiving for their work, the raising of the whole issue at this time tends to discourage other private investment in Argentina.

In the meantime, President Goulart of Brazil, in an address to the opening of the second annual review conference on the Alliance for Progress, stressed two main points:

The necessity for Latin American countries to solve their own problems.

LIMELIGHT SOUGHT

And the need for adjusting the imbalance of low prices for raw materials that Latin-American countries sell while having to buy machinery and manufactured products from the United States at high prices.

In the total Latin-American text, British Guiana's Cheddi Jagan sought his share of the limelight by calling on his red-hatted progressive youth organization to "fight imperialism as Castro has done."

He said, "We stand here and support the Cuban revolution and the Cuban people," as he criticized Britain's having put off the colony's independence date.

[From the Washington (D.C.) Post,
Nov. 11, 1963]

THE ALLIANCE FOUNDERS

The sound and fury emanating from Buenos Aires and Sao Paulo signify that the Alliance for Progress is in deep trouble, all the more serious because the Latin Americans themselves do not know what they want to do. It is sad that the President of Argentina feels he must make foreign oil holdings an exacerbating issue. It is no less distressing that the President of Brazil finds it easier to blame everyone but his own government for the economic sickness that afflicts the largest and most populous country of Latin America.

The source of the difficulty was mordantly analyzed by Felipe Herrera, president of the Inter-American Development Bank. Addressing the ministerial meeting in Sao Paulo, Dr. Herrera calculated that the region's annual growth rate has barely reached 1 percent—far below the target of 2½ percent set by the Alliance for Progress. Public investment has increased, he added, but private investment has declined.

Latin America urgently needs capital. But the political instability arising from stagnant economic conditions abets a capital flight—which in turn abets further extravagant attacks on foreign investors. When even so essentially moderate a president as Dr. Illia feels impelled to threaten nullification of oil contracts as the first order of his nation's business, then the depth of Latin America's malaise is evident.

In his speech at the Sao Paulo gathering, Mr. Goulart expressed exasperation without offering any plausible program for action. The Brazilian president is unhappy with the United States; he is disappointed in the Alliance for Progress; he blames inflation on the need for imports combined with falling export prices. But his prescription seems to be some form of hemisphere treaty that would put the Alliance on a new juridical basis.

Latin Americans have a sovereign right to be touchy about foreign capital. But surely they cannot at once lament the absence of investment while attacking those businesses that do venture into Latin America. They need to be reminded that there is another way of accumulating capital—by taxing their own wealth and restraining wages. This is a prescription that most Latin American countries find highly unpalatable; it is much easier to blame the Alliance for Progress for all that is wrong.

No doubt Under Secretary Averell Harriman may be disconcerted by the confusion of tongues at Sao Paulo. But like all of us, he must learn to live with disorientation of the Latin American mind. These are troubled times in the hemisphere, and things may indeed get worse before they get better.

[From the New York (N.Y.) Times,
Nov. 13, 1963]

CRACKS IN THE ALLIANCE

Brazil and Argentina, according to the annual report of the Alliance for Progress, are showing the slowest rate of growth in South America. Yet these two major Latin American powers appear to be making the Alliance the scapegoat for their own failures. Brazil's President João Goulart has called on the Latin nations to establish a solid front against the industrialized nations. And Argentina's new President, Arturo Illia, is intent on canceling the contracts made with U.S. oil companies, which have invested over \$200 million in developing production facilities in Argentina.

Attacks on Yankee imperialism and the Alliance are nothing new. They have demonstrated political appeal in almost every nation of Latin America, particularly in countries suffering slowdowns in growth. But Brazil and Argentina are exceeding the usual bounds of demagoguery for domestic consumption. While they speak boldly of going it alone, they are evidently hoping that the threat of an inflow of new foreign capital from Western Europe or the Soviet Union will force Washington to continue to provide funds for development. They also may be banking on the administration's desire to make a success of the Alliance, which would be destroyed if its two largest South American members defected.

However, the economies of Brazil and Argentina would be hurt even more than the Alliance if they repudiated their contracts. For other governments or private foreign investors are unlikely to make funds available in view of the cavalier attitude that both Argentina and Brazil have adopted. Argentina's new government has a right to renegotiate or renounce the contracts made under previous regimes. But it cannot expect to attract new investment if it refuses reasonable compensation.

It would be a mistake to cajole the nations of Latin America into maintaining the Alliance by yielding to Brazil or Argentina. At the same time, little would be gained by an immediate cutoff of aid. Such action would only confirm the suspicions of ultranationalists, who despite their vocal strength remain a minority throughout Latin America.

Both Brazil and Argentina may still recognize the danger in cracking the Alliance and in repudiating foreign obligations. Economic independence and fair treatment of foreign investment are not irreconcilable. Intelligent self-help and greater cooperation within the Alliance can, in fact, lead to an increase in foreign capital needed for development. The choice is not between independence and foreign domination, but between stagnation and growth.

EXHIBIT 2

CREEPING EXPROPRIATION

Recent instances or threats of "creeping expropriation" of American investments have

been brought to our attention. In some cases, the foreign government threatens to strangle a company by cutting off essential imports of products, parts, or machinery. In another case, the threatened action is not technically "discriminatory" since the American investor owns and operates the only business to which the action would be applicable; nevertheless, the action manifestly would have the effect of expropriating the enterprise, within the meaning of section 620(e). In another case, the foreign government threatened to prohibit the sale of certain American products under their recognized international trademarks, unless the company also agreed to sell below cost identical products without trademarks.

The congressional intent to cover all expropriatory actions, overt, or creeping, is emphasized in the committee report. The language in section 620(e) concerning "creeping expropriation" covers all actions which "have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of the property." The proposed additional language—"or has taken other actions"—appears in AID's specimen contract guaranteeing equity investments against expropriation risks. The contract defines "expropriatory action" to include any action "which is taken, authorized, ratified or condoned" by the foreign country and which "results in preventing the foreign enterprise from exercising substantial control" in the "use and disposition of its property". Under the AID contract, such action is expropriatory if it "has caused or permitted a dissipation or destruction of the assets of the foreign enterprise as a going concern." The AID Investment Guaranty Handbook declares that the contract "will usually be written to treat as a total loss expropriation either of all the assets of a foreign enterprise or a portion sufficient to destroy its value as a going concern."

Since 1950, the Foreign Claims Settlement Commission of the United States (and its predecessor agencies) have been interpreting the meaning of "creeping expropriation" in the context of international law and of various international claims agreements to which the United States was a party. In such agreements, the phrase "other taking" is generally used in conjunction with "nationalization" or "compulsory liquidation." The most recent examples are the U.S. agreement with Bulgaria dated July 2, 1963, and the agreement with Poland dated July 16, 1960. The latter agreement includes, in addition to "nationalization or other taking," the appropriation or the loss of use or enjoyment of property under Polish laws, decrees, or other measures limiting or restricting rights and interests in and with respect to property."

In the legislative history of the International Claims Settlement Act, approved March 10, 1950, the Senate Committee on Foreign Relations laid down the following broad standards for the interpretation of the phrase "other taking":

MEANING OF "OTHER TAKING"

"The term 'other taking' in the Yugoslav claims settlement agreement of 1948 is understood to be used in a broad generic sense. 'Nationalization' is in fact a specific form of 'taking' of property. 'Other taking' is designed to include all other deprivation or divesting of property rights for which compensation is properly allowable under the principles of international law, justice, and equity. The Commission is not required narrowly to construe any portion of the proposed act, nor the term 'other taking.'"

"It is known that some property owners were effectively deprived of property rights by Yugoslav authorities without formal nationalization. 'Nationalization' under Yugoslav law called for compensation to be paid in accordance with Yugoslav law. Property

and property rights have also been confiscated without compensation by Yugoslav authorities, placed under informal or formal sequestration, held under administration, or put in the possession or control of others. Actual transfer of title in a normal sense may not have occurred, yet holders of property may have been effectively deprived of ownership rights. Since the Yugoslav agreement covers the period of September 1, 1939, to July 19, 1948, the intent was undoubtedly to encompass all actual deprivation of property.

"Variations of 'other taking' are many—too many and too complicated to enumerate. The problem is essentially judicial. The most difficult and important legal issues before the Commission will doubtless arise as to the phrase 'other taking.' It is believed that consistent with the intent of the Yugoslav agreement, the specific application of 'other taking' should be left to the Commission. Prejudgment, either administrative or legislative, should be avoided in justice to all claimants." (S. Rept. 800, 81st Cong. 1st sess. p. 10 (1949).)

The Commission has applied these principles in numerous decisions, published in GPO volumes including the following: "Settlement of Claims by the FCSC and its Predecessors 1949-55" (Yugoslav claims); "Tenth Semiannual Report of FCSC for Period Ending June 30, 1959" (Rumanian, Bulgarian, Hungarian, and Soviet claims); and "Fourteenth Semiannual Report of FCSC for Period Ending June 30, 1961" (Czech claims).

These principles embody standards of international law made applicable by act of Congress even where no agreement is signed by the expropriating government, as in the Czechoslovak claims program concluded in 1962 (under title IV of the International Claims Settlement Act, 22 U.S.C., sec. 1642 et seq.) and the Balkans claims program concluded in 1959 (under title III of the act, 22 U.S.C., sec. 1631 et seq.). In the Czechoslovak program, for example, the FCSC recently issued an award to the American owner of a particular type of real property, although he retained record title, on the ground that such owners "are precluded from the free and unrestricted use of their realty and the fruits of such realty. To all intents and purposes, owners of such property, despite the fact that they have retained the record owners, lost all control over the property and were little more than collecting agents for the Czechoslovak Government. In view of the foregoing, the Commission has concluded that improved real property having a gross rental income of 15,000 Czechoslovak crowns or more per year is considered as constructively taken by the Government of Czechoslovakia as of January 1, 1953." (Fifteenth Semiannual Report of FCSC, p. 17 (1962).)

SOME RECENT INSTANCES OR THREATS OF CREEPING EXPROPRIATION

Only examples, not an exhaustive listing:

1. Brazil: An American mining and manufacturing company is threatened with imposition of prohibitive license fees for importation of essential machinery. The proposed license is nondiscriminatory on its face but is applicable only to the particular company and situation and would have expropriatory effect if imposed as threatened.

2. Brazil: Another American mining company is litigating in Brazilian courts the validity of administrative interpretation of a particular clause in their mining concession. The decree gave the contract an extreme effect not intended or covered by its terms. The company fears that affirmation of the decree on appeal, and the failure of the administrative authorities to correct the manifest error originally made, would have expropriatory effect. International law clearly holds the national government re-

sponsible in such cases for the judicial or administrative acts of subordinate governmental subdivisions or states. This responsibility includes conduct deemed to be "within the scope or functions of the agency or agent" if it falls within the general area of responsibility, though outside the actual authority of the agent or agency, whether national or local.

3. Mexico: Mining concessions were recently subjected to the retroactive requirement that they sell 51 percent of their stock to Mexicans within 25 years or lose their concessions. Under a 1962 decree this basic requirement of Mexican law was amended to require that coal mining companies, including one major American company, must "Mexicanize" by May 31, 1963. The American company is suing in the Mexican courts to enjoin enforcement of this decree. For more than 2 years it has unsuccessfully sought a basis for Mexicanization acceptable to the government. Among other difficulties is the fact that the required amounts of Mexican capital simply are not available for investment in the heavily-taxed coal mining industry. (Wall Street Journal, Sept. 21, 1962; New York Times, Sept. 20, 1962.)

4. Mexico: Recent Mexicanization decrees include requirements that American-owned manufacturing and assembling plants cease importing parts from the United States by a particular date or purchase a major percentage of such designated parts from Mexican manufacturers by a particular date. One American automobile manufacturer, owner of a Mexican plant, was forced to close its doors and offer the plant for sale, putting 850 Mexican workers out of jobs. (Wall Street Journal, Feb. 27, 1962.)

5. Mexico: Under Mexican decrees, requiring sale of a majority of shares to Mexicans by a particular date, American companies are finding it extremely difficult to obtain buyers from Mexican investors willing to pay prices for the stock. Mexican Government bonds pay 10 percent interest and Mexican investors are unwilling to buy equity shares that pay anything less. Mexican investors traditionally demand profits as high as 20 percent per year while growth-conscious U.S. investors favor smaller dividends and larger reinvestments. Another American-owned manufacturing company was unable to obtain buyers for its shares among Mexican investors, individual or corporate, although its offering price yielded 11 percent at the current dividend rate. (Wall Street Journal, Feb. 27, 1962.)

6. Venezuela: An American-owned sulfur company is suing the Venezuelan Government in local courts for a claim of expropriation of its property. The corporation, engaged in exploiting sulfur deposits, discovered and developed underground steam deposits for use in generating the electricity. After making major investments and obtaining Government concessions, the company was offered a price for the electricity under a Government contract which the company announced would make it impossible to recover all its investments. The claim, totaling \$20 million, includes the value of facilities already constructed and the cost of dollar loans undertaken in good faith on the basis of previous Government contracts in developing the deposits. (New York Times, Sept. 11, 1962.)

7. Colombia: Several American drug manufacturing and importing companies were recently subjected to decrees prohibiting the sale of trademarked drugs unless they complied with Government orders for the sale of equipment and nontrademarked drugs at 50 percent or less of the regular sales prices.

8. Canada, France: Various American companies are threatened with discriminatory taxes on American-owned shareholders above minority interests or with requirements of the sale of shares in the business to local private investors by particular dates. Such

requirements obviously discourage or preclude further investments in the particular countries. When such requirements are imposed retroactively they raise strong possibilities of creeping expropriation of existing investments which may be strangled by a lack of normal additions to working capital contributed by the American owners of the business.

9. Ceylon: The Government announced last year a program of nationalization of particular installations owned by American and British oil companies which had been engaged for some years in the sale of their products imported from abroad. The Government selected for nationalization less than half of the installations, but only those which were profitable, leaving to private ownership the more numerous stations which were operated at a loss for the convenience of the Ceylon people and the development of the national market. The Government then proposed to compensate the companies only for the profitable stations nationalized and on a valuation basis limited to the net book value of those net value stations. After extensive and unsuccessful negotiations, the United States suspended certain foreign aid programs under the Hickenlooper-Adair amendment. The Ceylon government thereupon proceeded with the compensation procedures under its domestic statute, in violation of international law standards of valuation embracing the total investments and the total worth of the property on a going concern basis.

The Ceylon government recently took another significant step in its campaign of overt and creeping expropriation by refusing licenses for the necessary foreign exchange to import oil products for resale by the remaining stations under private American ownership. The reason for this expropriatory action was the refusal of the companies to reduce their prices to the unfair level of the Soviet oil products imported under other Government licenses for sale by the Government-owned expropriated properties and stations.

10. France: American, British, and Dutch oil companies are contesting in the courts a recent decree reducing their share of the French market in favor of a government-dominated company. A recent French decree reduced the import quotas allowed these foreign-owned companies under longstanding laws and agreements and gave a higher quota to a corporation recently formed under Government decree and control. Such decrees, under particular aggravated circumstances, made expropriatory effect in whole or part. (New York Times, May 5, 1963; Washington Post, Mar. 24, 1963.)

11. Various countries have imposed compulsory exchange controls blocking or freezing regulations limiting or prohibiting the repatriation of earnings and otherwise restricting freedom of management and control of many American-owned enterprises in those countries. Although such controls may not have expropriatory effect when issued and imposed, their continuation for an indefinite period obviously may strangle particular enterprises and have the effect of expropriation under particular aggravated circumstances varying from business to business.

In the case of public utilities, and particularly in Latin America, the refusal of the state governments to approve rate increases and change depreciation schedules, have resulted in the companies involved being unable to extend services as required by franchise.

12. Brazil: An American public utility, denied necessary rate increases, was forced to cancel all plans for expansion and was unable to maintain its existing plant. A deterioration in service makes the company ripe for expropriation.

EXHIBIT 3

MAJOR INSTANCES OF EXPROPRIATION OF PROPERTY BELONGING TO U.S. NATIONALS SINCE WORLD WAR II

Like the United States, most countries maintain procedures for nationalization or expropriation of property for governmental or other public purposes. Where property of U.S. nationals is subjected to such procedures abroad, the Department of State would not ordinarily become involved unless the taking or provision for compensation did not comply with international law standards, and the adversely affected U.S. national complained. Consequently, a number of expropriation actions are not reported at all or, if reported, are not recorded for purposes of compilation nor collected for ready reference. So far as is known, no complete list is maintained by any U.S. Government agency.

Subject to the foregoing qualification, the list below does include the major instances of expropriation in the period since the end of World War II. A case-by-case breakdown could not be prepared without extremely extensive and time-consuming research.

YEARS 1945-50

Eastern Europe: General nationalization of land and business properties including U.S.-owned property in Yugoslavia, Poland, Czechoslovakia, Bulgaria, Rumania, and Hungary.

Settlement:

Claims agreement between United States and Yugoslavia, July 19, 1948—lump sum settlement.

Claims agreement between United States and Rumania, March 30, 1960—lump sum settlement.

Claims agreement between United States and Poland, July 16, 1960—lump sum settlement.

Claims of U.S. nationals against Czechoslovakia, Bulgaria, and Hungary have been paid in part out of vested assets of respective countries in United States by legislation: International Claims Settlement Act of 1949, as amended, title III (Public Law 285, 84th Cong.—Hungary, Bulgaria, Rumania) and title IV (Public Law 85-604—Czechoslovakia).

Communist China: General nationalization of land and business properties, including U.S.-owned property. United States does not maintain diplomatic relations.

Settlement: None concluded.

OCTOBER 31, 1952

Bolivia: Nationalized tin mines including the Patino interests of which one company was partially owned by U.S. stockholders. None of nationalized companies incorporated in United States.

Settlement: Interim payments pending final settlement made to U.S. stockholders out of proceeds of tin sales under agreement between Bolivia and Patino interests in 1953, renewed in 1956. Final settlement now under negotiation between company and government.

MARCH 5, 1953

Guatemala: Expropriation of 234,000 acres of subsidiary of United Fruit Co. for purposes of agrarian reform.

Settlement: United States submitted formal claim against Guatemala after company exhausted local remedies, but expropriation was rescinded by new government which took power in 1954.

JULY 26, 1956

United Arab Republic: Nationalization of Suez Canal Co. which had some U.S. stock ownership.

Settlement: Compensation agreement signed July 13, 1958, by United Arab Republic and representatives of stockholders. International Bank afforded good offices in negotiations between United Arab Republic and stockholders.

CIX—1371

JULY 7, 1958

Argentina: Municipal government of Toberia in Buenos Aires Province expropriated subsidiary of American & Foreign Power Co. (ANSEC).

Settlement: Overall settlement between Government and company for this property and other properties expropriated, seized and intervened previously by local governments in Argentina made November 28, 1958, with all American & Foreign Power electric facilities in Argentina transferred to Argentine Government. Settlement contract called for court evaluation of properties which was issued April 26, 1961, and accepted by company.

DECEMBER 26, 1958

Yugoslavia: Nationalization of urban dwellings, business premises and underdeveloped building lots, including U.S.-owned property.

Settlement: United States and Yugoslavia have agreed to begin negotiations soon for settlement of claims arising after 1948.

MAY 11, 1959

Brazil: Governor of Rio Grande de Sul issued order expropriating American & Foreign Power Co. holdings in state.

Settlement: Case now pending in Brazilian courts.

JUNE 3, 1959

Cuba: Agrarian reform law provided for expropriation of estates over a certain size including U.S.-owned sugar plantations. U.S. note to Cuban Government protested inadequate provision for compensation.

Settlement: None concluded to date.

JULY 5, 1960

Cuba: Law authorized nationalization of all U.S.-owned properties to be carried out as applied to particular properties by subsequent decrees. Law was in specific retaliation against United States cutting Cuban sugar quota. Probably all or nearly all U.S.-owned property in Cuba has been taken under this or other expropriation law. Several U.S. notes to Cuban Government protested discrimination and inadequate provision for compensation.

Settlement: None concluded to date.

YEAR 1962

Brazil: Governor of Rio Grande de Sul expropriated International Telephone & Telegraph properties in that state.

Settlement: Presently under negotiation between company and Government.

Ceylon: Requisition of certain assets of oil companies, including American.

Settlement: Formal note from Ceylon Government received stating its intention to make prompt and effective compensation for all assets requisitioned.

YEARS 1945-62

Mexico: From time to time Mexico expropriates U.S.-owned, and other, property under its agrarian reform program.

Settlement: While there has been no overall settlement of claims, there have been isolated instances of individual settlements.

Mr. ELLENDER. Mr. President, earlier in the debate I called up my amendment No. 244, which is now pending. In the last few moments I discussed the amendment with the distinguished chairman of the Foreign Relations Committee [Mr. FULBRIGHT]. He stated that if I would modify the amendment in certain respects, he would accept it. I have agreed to do that.

The modifications are as follows:

On line 2, strike out: "Notwithstanding the provisions of section 614(a) of this Act".

The next word "the" would have a capital "T".

There is a further modification on line 4 to strike out "Republics" and insert in lieu thereof "countries."

There is a further modification, on line 3, page 2, to strike out "Republics" and insert in lieu thereof "countries."

So the amendment, as modified, will read:

The value of grant programs of defense articles for African countries, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with fiscal year 1964, shall not exceed \$25,000,000.

The rest of the amendment remains as is, with the exception of the last word "Republics", which becomes "countries."

The PRESIDING OFFICER. Since the yeas and nays have been ordered on the amendment, is there objection to the request for modification?

Mr. ELLENDER. Mr. President, in view of the fact that the distinguished Senator from Arkansas has stated he will accept the amendment as modified, I was about to ask unanimous consent to withdraw the order for the yeas and nays.

The PRESIDING OFFICER. Is there objection to withdrawing the order for the yeas and nays? The Chair hears none, and it is so ordered.

The amendment offered by the Senator from Louisiana is modified according to his statement.

Mr. FULBRIGHT. Mr. President, with those modifications I think the amendment is quite acceptable. I have no objection to it. I shall be glad to take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Louisiana [Mr. ELLENDER] to the committee amendment in the nature of a substitute, as amended.

The modified amendment was agreed to, as follows:

On page 41 between lines 8 and 9, insert the following:

"(d) SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—(a) The value of grant programs of defense articles for African countries, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with fiscal year 1964, shall not exceed \$25,000,000.

"(b) Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for African countries."

Mr. ELLENDER. Mr. President, I call up my amendment No. 250 to the committee amendment, as amended.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated.

The LEGISLATIVE CLERK. On page 53, beginning with line 6, it is proposed to strike out through line 4 on page 54, as follows:

Sec. 403. The Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 (et seq.)), is amended as follows:

(a) Section 104(e) is amended as follows: (1) Strike out "25 per centum" and substitute "50 per centum".

(2) Insert after the words "such firms" a comma and the words "and cooperative enterprises".

(3) Strike out "United States agricultural products" and substitute "United States agricultural and industrial products".

(b) Section 106 is amended by adding at the end thereof a new sentence as follows: "For the purposes of this title and title IV, the term 'surplus agricultural commodity' shall include any domestically produced fishery product if the Secretary of the Interior has determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars."

(c) The amendment made by subsection (b) of this section shall not be effective for purposes of title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, until January 1, 1965.

Mr. ELLENDER. Mr. President, I wish to modify my amendment by striking out, on line 1, the figure "6" and inserting in lieu thereof the figure "9"; and on line 2, strike out the figure "4" as well as "on page 54" and insert in lieu thereof "16."

The PRESIDING OFFICER. The Senator from Louisiana has that right. The amendment is so modified.

The amendment, as modified, is as follows:

On page 53, beginning with line 9 strike out through line 16, as follows:

"(a) Section 104(e) is amended as follows:

"(1) Strike out '25 per centum' and substitute '50 per centum'.

"(2) Insert after the words 'such firms' a comma and the words 'and cooperative enterprises'.

"(3) Strike out 'United States agricultural products' and substitute 'United States agricultural and industrial products'."

Mr. SALTONSTALL. Mr. President, I believe the Senator from Kansas [Mr. CARLSON] has an amendment to subsection (b).

Mr. CARLSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator yield?

Mr. ELLENDER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Louisiana will state the parliamentary inquiry.

Mr. ELLENDER. The modified amendment I have just offered could be adopted, and thereafter the distinguished Senator from Kansas could offer an amendment to the remainder of the amendment of the Foreign Relations Committee.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Louisiana [Mr. ELLENDER] to the committee amendment in the nature of a substitute.

Mr. CARLSON. As I understand, the Senator from Louisiana proposes to strike out the language on page 53, beginning with line 9, down through line 16 in the committee amendment; the remaining portion, from line 17 to line 24, would be left in the committee amendment.

Mr. ELLENDER. That language would remain.

Mr. CARLSON. I should like to make this short statement. It was my amendment that increased the 25-percent figure now permitted to be used under Public Law 480 funds to 50 percent. I

favor that provision. I hope the Senator from Louisiana does also. I understand that he has agreed to make a thorough study of the entire use of Public Law 480 funds sometime early next year.

Mr. ELLENDER. The committee will hold hearings on Public Law 480, with a view toward revising the entire act. The committee will take into consideration, of course, the provision that the Senator from Kansas has referred to.

Mr. CARLSON. Mr. President, I have great confidence in the distinguished Senator from Louisiana, because he has worked on this problem for many years. I am sure he will make a thorough study of it.

Subsection (b) is now the subject of amendment. I have no objection to including fish products in the foreign aid program. As a matter of fact, on page 41 of the committee report there appears this language:

There have been occasions when foreign governments have asked for canned fish products under the food-for-peace program to supply protein deficiencies. This amendment will make it possible to meet these requests to the extent that fishery products may be in surplus. The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit.

I wish it definitely understood that I have no objection to it. My one concern is that there has been some effort to include a product that is known as fish flour under the designation of fish products. I believe that to be a misnomer.

I ask the distinguished Senator from Massachusetts if he would be willing to accept as an amendment on line 20, following the word "product", these words: "not including fish flour". I would be happy to support such an amendment.

Mr. SALTONSTALL. Mr. President, I am glad to accept that amendment.

At the present time, the Federal Government has underway several projects involving fish flour and its acceptability. The FAO mission has also begun a program of acceptability testing and development of commercial production of fish flour in Peru to which it is contributing \$300,000 during the next 3 years. The National Academy of Sciences has given fish flour a clean bill of health. The Bureau of Commercial Fisheries is continuing its research under funds appropriated last year. The Food and Drug Administration has indicated that it will not move from its position unless ordered to do so by the courts or by congressional action.

In view of these circumstances, although we in Massachusetts and I believe in Alaska and elsewhere—including the Senator from Illinois [Mr. DOUGLAS]—feel very strongly that fish protein is a proper fishfood, under the circumstances, it is felt wiser not to insist on that product being included in the act.

Therefore, as one who is interested in fish and fish products, I am willing to accept the amendment of the Senator from Kansas.

Mr. CARLSON. Mr. President, I would like to offer my amendment.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. Is not the Ellender amendment now pending?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana to the committee amendment in the nature of a substitute.

Mr. FULBRIGHT. I understand that the substitution of the 50 percent is quite agreeable. I have no objection to it. I have no particular objection to the second part, other than that the Senator from Minnesota [Mr. HUMPHREY] was very much interested in this particular program, and I would like to have him given an opportunity to come to the floor and at least discuss the matter with the Senator from Louisiana before accepting it.

This involves authority to use the so-called Cooley amendment in the use of Public Law 480 funds. I do not believe the Senator from Louisiana considers it an improper objective, but he does not like it to be inserted in this manner, and wishes to handle it in his own committee.

Mr. ELLENDER. That is correct. We would have no objection to it, but since the Committee on Agriculture and Forestry will undertake a full study of Public Law 480 next year, the whole matter will be dealt with at that time.

Mr. FULBRIGHT. The Senator from Minnesota should have an opportunity to say something on this subject before the amendment is adopted.

Mr. HUMPHREY. As I understand, this matter relates to the Cooley amendment for the use of Public Law 480 funds for the development of American institutions. We are making available some of these funds in those areas where they are needed and can be used for cooperative enterprises.

Mr. ELLENDER. Next year, we will study Public Law 480 in its entirety, and the uses of the funds generated. The committee may adopt what we are discussing today, but it is my judgment that we ought to have hearings on it, and it ought to be considered by the Committee on Agriculture and Forestry.

Mr. HUMPHREY. This does not relate particularly to Public Law 480, except the use of the money that it generates. The question of that use is not a prerogative of the Committee on Agriculture and Forestry. It is a matter that relates to commerce and foreign policy. Under those circumstances, all we are doing is spelling out what has been interpreted under the Cooley amendment to be a fact already; namely, that a cooperative enterprise which can borrow money which is repayable with interest qualifies as a part of our private economy.

I say most respectfully it is only a matter of placing in the law what some people believe is already in the law; but I thought we ought to spell it out precisely.

Mr. ELLENDER. Public Law 480 does spell out how this money is to be used. The Senator appeared before the Committee on Agriculture and Forestry several times in an effort to make certain

that some of the money was used abroad. I contend that the manner and method in which the Public Law 480 money is to be used should be considered by the Committee on Agriculture and Forestry. Since we plan to study the entire bill next year, there will be time enough for us to consider this very proposal.

Mr. HUMPHREY. It is not a matter of great consequence. The funds are available. It is not as if we were obtaining new money. We say that a percentage of the funds set aside for the use of American enterprises in that category shall be available to cooperatives. After the words "such firms" will appear "and cooperative enterprises," because they are private enterprises. They will repay the loans exactly as do John Deere or Parke Davis, companies which presently use funds under existing laws.

Mr. ELLENDER. I understand the interest of the Senator from Minnesota in cooperatives, and I share his views. But this matter ought to be considered by the Committee on Agriculture and Forestry. That committee should determine, after hearing the evidence, why the percentage should be increased from 25 to 50 percent. There may be other uses to which the money could be put.

Mr. HUMPHREY. The provision for 50 percent was, I believe, offered by the distinguished Senator from Kansas [Mr. CARLSON]. I am sure he has already explained it. I am not arguing whether the amount should be 25 percent or 50 percent. I would be perfectly willing and content to have it 25 percent—the same formula. But the funds were accumulating under this part of Public Law 480 in what is known as the Cooley fund. It seemed to me that they ought to be put to use. They are foreign currencies and lose much of their productivity and purchasing power by inflation. Enough money has already been wasted under Public Law 480 by inflation to have perhaps paid for the program once again.

We have permitted this to happen in Spain, where the currencies could have been used to build houses. It has happened in other countries. I believe the funds ought to be put to work.

Mr. ELLENDER. It may well be that the funds could be better used in other ways than the Senator has suggested. The only way to determine that is to hold hearings.

Mr. HUMPHREY. We have a 1-year program, and one-half of the year has already passed. I doubt whether the use of the funds would shake the financial solvency of the Government of the United States, or that Public Law 480 would be basically destroyed if the provision were in or out of the law. I believe it would be a good idea to have it in. A number of other Senators also have an interest in this fund.

The PRESIDING OFFICER (Mr. BREWSTER in the chair). The question is on agreeing to the amendment offered by the Senator from Louisiana to the committee amendment as amended. [Putting the question.]

The amendment to the amendment was rejected.

Mr. ELLENDER. Mr. President, I ask for a reconsideration of the vote by which the amendment was rejected.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I respectfully suggest that I ought to insist on a live quorum, so that all Senators will be properly notified.

The legislative clerk resumed the call of the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. GOLDWATER. I object.

The legislative clerk resumed the call of the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HUMPHREY. Mr. President, I have discussed the matter with the chairman of the committee [Mr. FULBRIGHT] and the Senator from Louisiana [Mr. ELLENDER]. The Senator from Louisiana feels that he should move to reconsider the vote by which the amendment was rejected. I have no objection.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the motion to reconsider.

The motion was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment offered by the Senator from Louisiana.

Mr. DIRKSEN. Mr. President, I cannot address this inquiry to the Chair; I think I must address it to the distinguished Senator from Minnesota: Has a compromise been reached?

Mr. HUMPHREY. Yes; I have discussed the matter with the chairman of the committee [Mr. FULBRIGHT] and with the Senator from Louisiana [Mr. ELLENDER]. In the light of our discussion, I think we have reached an understanding.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana to the committee substitute, as amended.

The amendment to the amendment was agreed to.

Mr. BARTLETT. Mr. President, I wish to express my sincere appreciation to the Senator from Louisiana and also to the Senator from Arkansas and to the entire Foreign Relations Committee for having incorporated the fish provision in the bill.

Mr. FULBRIGHT. I appreciate that very much; but the amendment of the Senator from Kansas [Mr. CARLSON] has not yet been acted upon.

Mr. CARLSON. Mr. President, my amendment is at the desk, and I ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Kansas to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. In the committee amendment, as amended, on page 53, in line 20, after the word "product", it is proposed to insert: "not including fish flour."

Mr. CARLSON. Mr. President, after discussing this amendment with the chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from Louisiana [Mr. ELLENDER], I have agreed to support this amendment without reservation.

Mr. FULBRIGHT. Mr. President, I accept this amendment to the committee amendment, as amended.

Mr. PASTORE. Mr. President, first, I wish to know why the Senate is considering fish flour as a surplus commodity.

Mr. FULBRIGHT. This amendment to the committee amendment will except it—take it out.

Mr. PASTORE. But will it then be shipped abroad?

Mr. FULBRIGHT. No.

Mr. PASTORE. But that is the point. Many people in Rhode Island and in Massachusetts are interested in this product. In fact, the distinguished Senator from Illinois ate some of the fish flour while he was standing on the steps leading to the Food and Drug Administration building on Connecticut Avenue; but by means of this proposal we would in one stroke except fish flour, to the prejudice of those who are interested in it.

Mr. CARLSON. Mr. President, I wish to state to the Senator from Rhode Island that the producers of this commodity can still sell all of it that they may wish to sell abroad, but not by using Public Law 480 funds to do so.

I am not opposed to the sale of fish flour, but I am in favor of prohibiting the use of Public Law 480 funds for the sale of fish flour abroad at this time. I am not opposed to the sale of fish products; but the committee report on this item is very plain, as follows—page 41:

There have been occasions when foreign governments have asked for canned fish products under the food-for-peace program to supply protein deficiencies. This amendment will make it possible to meet these requests to the extent that fishery products may be in surplus.

And I call the following to the attention of the Senator from Rhode Island:

The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit.

I think the amendment is fine. I supported it in the committee, and I support it now; and I hope we shall not have to have long debate and a rollcall vote on this amendment, which I have offered in regard to a food product that has not been approved by the Food and Drug Administration for sale in the United States. Why should these funds be used to sell this product to foreigners when we will not permit this product to be sold in the United States?

Mr. PASTORE. Because for a long time we have been appropriating funds for research work in an attempt to develop this product as a food. I realize that it has not been approved by the Food and Drug Administration, but I wonder what the repercussions or effect of this provision will be. First of all, this product is not in surplus; so I do not believe it will fall within the purview of this provision, to begin with. But the mere fact that we are earmarking it or "flagging" it at this point makes me wonder whether such a provision would discourage the work on the development of this product. We have already authorized funds for research in regard to the development of this product; and I wonder why a Senator who is much interested in the sale of wheat flour is going out of his way this evening to except fish flour. I am naturally suspicious; that is all.

Mr. CARLSON. Whenever this product is approved by the Food and Drug Administration, that will be different.

Mr. PASTORE. Then why not say so in the amendment? If the amendment contains such a provision, I will agree to accept the amendment. But I hope the Senate will not proceed tonight, at 8 o'clock, to accept, out of order, such an amendment even though many of us have been fighting for a long time because of our view that if this product proves out, it should be used. The Government has spent many thousands of dollars on research on it; but this amendment would say all that work is now off.

Mr. SALTONSTALL. Mr. President, as one who is just as much interested in fish flour and fish protein as is the Senator from Rhode Island, I would go along with the amendment of the Senator from Kansas, because I believe it is of the utmost importance that domestically produced fish products be included as part of the surplus products to be shipped abroad. I do not think there is a great deal of fish to be shipped as surplus, but I think it important to include it.

Although I am strongly in favor of the use of fish protein, so-called, instead of fish flour, I think it advisable not to have a fight in the Senate over whether fish flour should be included in the bill—for the following reason:

At the present time the Federal Government has underway several projects involving fish flour and its acceptability. The FAO mission has also begun a program of acceptability testing and development of commercial production of fish flour in Peru, to which it is contributing \$300,000 during the next 3 years. The National Academy of Sciences has given fish flour a clean bill of health. The Bureau of Commercial Fisheries is continuing its research under funds appropriated last year.

The important point is that the Food and Drug Administration has indicated that it will not move from its position of opposing the use of fish flour in this country unless ordered to do so by the courts or by congressional action.

This amendment would make available surplus fisheries products as designated by the Secretary of the Interior for purchase by friendly nations under the food-for-peace program. Occasionally we do harvest more of a particular species than the market can handle.

I think this is a very simple step, one which could prove extremely valuable to emerging nations where bread alone cannot solve the problem of undernutrition.

Already we permit the sale of wheat, rice, eggs, poultry, butter, cheese, milk, pork, variety meats, lamb, onions, potatoes, dates, canned peaches, and beans.

We cannot sell any of these items where they will compete with products from other friendly nations; so the effect of this amendment will be limited, but it would assist our beleaguered fishing industry, and I believe that, more importantly, it could serve to alleviate malnutrition and starvation in many areas of the world.

Mr. President, there are still some ghosts which have not been laid to rest with regard to fish protein concentrate. I am afraid that many of my colleagues are frightened by the term "fish flour" which is applied to this product. It is a misleading name, applying only to its appearance, not to its use. We never could make a loaf of bread with fish flour. It is in essence only a protein additive. Many countries of the world cannot obtain for their people a diet sufficiently high in protein. This product would answer that need by supplementing largely carbohydrate diets.

I think we would be in a bad position if we shipped such products abroad although at the present time we do not permit them to be sold to the people of the United States, and although two research programs in regard to them are being conducted.

Therefore, I am agreeable to accepting the amendment of the Senator from Kansas to the committee amendment, as amended.

Mr. PASTORE. Mr. President, will the Senator from Kansas yield?

Mr. CARLSON. I yield.

Mr. PASTORE. Will the Senator from Kansas accept a modification of his amendment—by adding after the words "not including fish flour," the words "until approved by the Food and Drug Administration"? If that modification is made, I shall be perfectly satisfied.

Mr. CARLSON. Of course I would not be in a position to oppose the sale of any product that is approved by the Food and Drug Administration of the United States. I still have questions about this product; but I shall be willing to accept that modification, in order to have the amendment taken to the conference between the House and the Senate.

Mr. PASTORE. I thank the Senator from Kansas.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment of the Senator from Kansas. [Putting the question.]

The modified amendment to the committee amendment, as amended, in the

nature of a substitute, was agreed to, as follows:

On page 53, line 20, after the word "product", insert "not including fish flour until approved by the Food and Drug Administration."

Mr. ELLENDER. Mr. President, since subsection 403(a) has been stricken out, it will be necessary to strike out, in line 17, on page 53, the letter "(b)", and to insert in lieu thereof "(a)"; and on page 54, in line one, to strike out "(c)" and to insert in lieu thereof "(b)". I ask that these modifications or corrections be made.

The PRESIDING OFFICER. Without objection, the necessary corrections or technical changes in the lettering of sections and subsections will be made by the Secretary of the Senate.

AMENDMENT NO. 245

Mr. ELLENDER. Mr. President, I call up my amendment No. 245 to the committee amendment.

The PRESIDING OFFICER. The amendment of the Senator from Louisiana to the committee amendment, as amended, in the nature of a substitute will be stated.

The LEGISLATIVE CLERK. In the committee amendment, as amended, on page 35, beginning with the word "and" in line 18, it is proposed (amendment No. 245) to strike out through the words "as amended," in line 22.

On page 36, line 14, before the period, insert a comma and the following: "except that so much thereof as may be necessary shall be used for the immediate redemption of any outstanding notes issued under section 111(c)(2) of the Economic Cooperation Act of 1948, as amended, or section 413(b)(4)(F) of the Mutual Security Act of 1948, as amended".

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, the amendment would not cut from the bill any of the dollar amounts already authorized. On the contrary, it would merely simplify the bookkeeping of the investment guarantee fund and remove from the bill a method of backdoor financing. In addition, it will help to make clear, and place emphasis on the provision included in the bill by the Foreign Relations Committee; namely, that all guarantees "shall be considered contingent obligations backed by the full faith and credit of the United States of America." And finally, it will place the Investment Guaranty Fund on the same authorization-appropriation basis as the other items contained in the pending bill.

As of June 30, 1963, the Investment Guaranty Fund had reserves totaling \$268,585,915.01. These reserves are composed of the following:

Borrowing authority from Treasury.....	\$199,071,521.50
Transfers from DLF appropriated funds.....	27,747,863.42
Fees collected.....	12,417,917.88
Proceeds from sale of assets.....	16,161.07
Fiscal year 1963 appropriations.....	30,000,000.00
Subtotal.....	269,253,463.87

I point out that the investment guarantee fund has been in operation now for 15 years. In the course of the 15 years only 2 losses have been sustained. Those losses amount to \$667,548.86, thereby leaving in available reserves \$268,585,915.

I submit, Mr. President, that since Congress has legislated to provide that the full faith and credit of the United States stands behind all investment guarantee contracts, the reserves presently set aside in this fund are far in excess of needs and should be reduced to a reasonable amount, and that backdoor financing of this fund is no longer necessary. To reduce the reserve to a reasonable amount, my amendment would rescind the amount of borrowing authority presently contained in the total reserves, an amount totaling, as previously mentioned, \$199,071,521.50, and make the total reserves of the Investment Guaranty Fund \$69,514,393.51. This amount should be more than adequate to take care of any losses the fund may sustain in any particular year, and if future replenishment of the fund ever becomes necessary, Congress could replenish the fund through the appropriation process.

To buttress my opinion, I would like to cite language from the Agency's own justifications which was submitted to Congress to back up its budget estimates, and which appears on page 156 of these justifications:

Since investment guarantees are obligations of the United States, there is no basis for doubting that Congress would provide the necessary moneys to discharge proper claims promptly as they fall due. The history of claims to date in the past 15 years of the program's operation indicates that the present reserves are probably more than adequate to take care of claims that could be anticipated as maturing in any given fiscal.

Mr. President, I fear that if the excess reserves are allowed to remain in the bill, it is only a question of time when either the Senate or probably the House will desire to make use of the fund for one reason or another.

If this amendment is not adopted, then raids on the excess reserves can be expected. The House Foreign Affairs Committee has rejected the first raid that has already been tried, and here I make reference to the attempt to use the fees collected from guarantees to hire personnel. On pages 17 and 18 of the report of the committee on the Foreign Assistance Authorization Act of 1964, the following appears:

PERSONNEL

In addition to the program delays required for the development of policies and procedures, others have apparently occurred due to shortages of personnel. It came to the committee's attention during consideration of the bill that AID has on board only 15 people to handle the present specific risk investment guarantee workload, although the Agency estimates at least 46 employees are required. The committee gave serious consideration to an amendment to allow fee income from investment guarantee operations to be used to pay the cost of the

Agency's operation of this program. This would have allowed, in addition to the management and custodial costs incurred with respect to currencies or other assets acquired under guarantees made, the payment of direct and indirect personnel, travel, communications, and other expenses involved in the processing and issuance of guarantee contracts.

Although it rejected authority to use fee income for the employment of personnel and the payment of other costs, the committee recognized the need for increased emphasis on the proper staffing of this important program, and believes that early attention should be given to this problem. Further, the committee believes that the necessary personnel can be provided without any change in existing law if AID gives greater attention to the processing of the investment guarantees. In the view of the committee the importance of encouraging the participation of private enterprise in our development efforts warrants the assignment of the very highest priority to meeting the needs of this program within available administrative appropriations and personnel ceilings.

Mr. President, I repeat that the amendment would in no manner reduce the dollar amounts in the bill but would merely return to the Treasury the now unneeded borrowing authority which was put into the law many years ago.

If my amendment is adopted I repeat that there will be almost \$70 million in available funds which may be necessary to pay losses that may be sustained under the investment guarantee fund.

Mr. President, I hope that the amendment will be adopted.

Mr. President, I ask unanimous consent to modify my amendment, on line 8, to change the year figure from "1948" to "1954".

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. DIRKSEN. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I am glad to yield.

Mr. DIRKSEN. The reserves are piled up under this guarantee program. Does the distinguished Senator from Louisiana feel that they have reached the point where some of them should be covered back into the Treasury—at least the amount to pay off notes under the old Marshall plan, in the aggregate sum of about \$200 million?

Mr. ELLENDER. That is right; \$199 million-plus.

Mr. DIRKSEN. That is the substance of the amendment?

Mr. ELLENDER. That is all it involves.

Mr. DIRKSEN. Then why can we not vote upon it?

Mr. ELLENDER. I am ready.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HUMPHREY. Is it not true that these reserves will be reduced to approximately \$70 or \$69 million?

Mr. ELLENDER. The reserves will be reduced to \$69 million, but I hasten to point out that in 15 years the losses have been only \$667,000.

Mr. HUMPHREY. We are greatly expanding the investment guarantee program. Under this bill that is the only way we will get the private sector of the economy involved in any of these activities.

Mr. ELLENDER. I understand that and I agree the private sector should be encouraged. Last year we appropriated \$30 million for that purpose. This year no request was made.

Mr. HUMPHREY. That is because there was a substantial carryover of reserves.

Mr. ELLENDER. But the situation has changed from that prevailing under the original legislation. Originally reserves of 100 percent were required. It will be recalled that a ruling was asked of the Attorney General as to whether the full faith and credit of the United States is behind the investment guarantees, and the answer was in the affirmative. Furthermore, the U.S. Government is contingently liable to the extent of approximately \$746 billion on veteran's housing, FHA housing, retired military pay, veterans pensions and benefits, and other commitments. There are not any reserves to cover this large liability.

Mr. HUMPHREY. Yes; that is correct.

Mr. ELLENDER. In order to make this certain, the bill contains a provision which explicitly states that the full faith and credit of the United States is behind the guarantees.

Mr. HUMPHREY. I am not particularly opposed to the amendment of the Senator from Louisiana. I rise to make some legislative history on the question of the investment guarantees, which is of such importance to the private sector of the American economy that we cannot deal with it lightly.

One of the problems brought to my attention by a private firm relates to the promptness of payment. With reserves, they get the money. When the investment goes bad, and the guarantee requirement is brought into play under the "full faith and credit" of the U.S. provision, they are guaranteed the money but get the money rather late. That, of course, does not suffice to meet the business needs of a corporation.

Mr. ELLENDER. Whenever the faith and credit of the United States backs up any claims, they have always been paid.

Mr. HUMPHREY. Yes, I agree that they have been paid.

Mr. ELLENDER. There will be a reserve as I said, of almost \$70 million for that purpose, if this amendment is adopted. If this guarantee fund should get lower, there is no doubt that the Congress would do what was done last year, when we appropriated \$30 million. That money is still available.

Mr. HUMPHREY. I merely wished to raise a warning flag on this question. I am not in any position to object. The chairman of the committee is temporarily away from the Chamber.

Since we have greatly expanded the investment guarantee program, since we have written into the bill half a dozen amendments about private enterprise

participation, and since many speeches have been made on the importance of private enterprise investing in foreign countries—particularly in South American countries, so as to aid the Alliance for Progress—considering what knowledge we have of the political and economic instability in these countries, I believe it might be a little risky to tamper in any way with what we call the guarantee program. I understand that the full faith and credit of the United States is pledged. I understand we can always appropriate additional moneys. I also understand a little about the necessity for having reserves. The reserves are minor compared to the amount ultimately to be guaranteed.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. ELLENDER. I am glad to yield.

Mr. DIRKSEN. I believe the Senator is correct in stating that it would take Congress only a few days, either by a deficiency or a supplemental appropriation, to provide the necessary money to sustain the full faith and credit item. I respectfully suggest to the Senator that he withdraw the order for the yeas and nays and let the Senate vote.

Mr. MORSE. We should have the yeas and nays. Then in conference our position would be strengthened. It will not take long.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. ELLENDER. I am glad to yield.

Mr. SPARKMAN. As I understand this proposal, it would effect no reduction in the program, no saving. It would not worsen the Treasury position, and it would not better the Treasury position. The amendment would reduce the reserves by canceling the Treasury notes never called upon.

There are some arguments against doing that. We virtually doubled the guarantee program this year, from \$1.3 to \$2.5 billion. This is a new proposal. It was not submitted to the committee.

I would suggest that the Senator from Louisiana obtain unanimous consent to withdraw the yeas and nays. We are willing to take the amendment to conference.

Mr. HUMPHREY. And support it.

Mr. SPARKMAN. And we will support it, subject, of course, to such additional information as we may obtain between now and then.

Mr. ELLENDER. Mr. President, I ask unanimous consent that the order for the yeas and nays on my amendment may be withdrawn.

The PRESIDING OFFICER. Is there objection to the request for rescinding the order for the yeas and nays? The Chair hears none, and it is so ordered.

The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER], as modified, to the committee amendment in the nature of a substitute, as amended.

The amendment, as modified, was agreed to.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I am glad to yield.

Mr. HUMPHREY. I ask unanimous consent to have printed in the Record

the position of the executive branch relating to the amendment.

There being no objection, the statement was ordered to be printed in the Record, as follows:

ARGUMENTS AGAINST AMENDMENT PROPOSED BY SENATOR ELLENDER REQUIRED IMMEDIATE REDEMPTION OF ANY NOTES ISSUED UNDER THE ECONOMIC COOPERATION ACT OF 1948 AND THE MUTUAL SECURITY ACT OF 1954 IN CONNECTION WITH THE INVESTMENT GUARANTEE PROGRAM

1. No new notes can be issued to the Treasury under the investment guarantee authority of the Foreign Assistance Act. The effect of the amendment, however, would be to deny AID the right to draw against notes already issued under prior statutes, which are now part of the reserves for the payment of claims.

2. By depleting existing reserves, it breaks faith with U.S. business firms who hold investment guarantees. Firms taking out guarantees have and will continue to rely on there being a sizable reserve available to assure prompt payment of their claims without waiting for an appropriation. While the full faith and credit of the United States is assurance to investors that they will be paid, it is equally important to them that payment be made promptly and that they not have to wait for appropriations. Investors have understood that the reserves will minimize or eliminate the risk of such delay. To deplete this reserve by reducing it from \$268 million to \$69 million would be a direct repudiation of the understanding.

3. This is not "backdoor financing," which avoids the appropriation requirement. No new notes can be issued to increase the reserves. In 1962 the Appropriations Committee reviewed the investment guarantee reserve in deciding how much new money to appropriate for that reserve. They took these funds into account and reduced the appropriation from the \$180 million requested by the executive branch to \$30 million to maintain a reserve level which included the \$199 million.

4. The funds represented by these notes are not part of our national debt.

Mr. ELLENDER. Mr. President, I call up my amendment No. 287 to the committee substitute, and ask that it be stated.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 38, line 22, after the word "shall" it is proposed to strike out all through the word "Act" on line 24.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. ELLENDER. I am glad to yield.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DOUGLAS. Mr. President, do I correctly understand that during my absence from the Chamber an amendment was added on page 53, line 20 of the committee amendment dealing with the use of fish under Public Law 480, and that the modified amendment added was as follows: "not including fish flour until approved by the Food and Drug Administration."

Am I correct in stating that this was made a part of the bill?

The PRESIDING OFFICER. That amendment was adopted.

Mr. DOUGLAS. Mr. President, may I ask if any motion to reconsider the vote by which the amendment was agreed to was made at that time?

The PRESIDING OFFICER. No such motion was made.

Mr. DOUGLAS. Then a motion to reconsider would be in order?

The PRESIDING OFFICER. Such a motion is in order.

Mr. DOUGLAS. Mr. President, I wish to serve notice that at an appropriate time I shall move the reconsideration of the vote by which the amendment was agreed to.

I believe it is well known that I am deeply interested in this amendment. I was not notified of the action to be taken by anyone. It is very hard to watch the proceedings constantly, considering the multitude of things going on and the multitude of obligations under which a Senator is involved, and I knew nothing about this until a few minutes ago.

I believe this amendment is equivalent to killing the inclusion of fish flour so long as George B. Larrick is head of the Food and Drug Administration. Mr. Larrick has declared his opposition to fish flour over and over again, despite the fact that it has been approved by the National Academy of Sciences and is known to be extremely beneficial, to be 85 percent protein, with absolutely no toxic effect whatsoever. Mr. Larrick objects on the alleged esthetic ground that it is made from the whole fish, although it is subject to many washings both in water and in alcohol, and is completely pure.

As I demonstrated the other day, Mr. Larrick has this esthetic objection to fish flour, while he approves for distribution fried silkworms, chocolate covered bees and ants, rattlesnake meat—a regular chamber of horrors. He has no esthetic scruples against those, but he draws the line against fish flour.

This may seem to be a somewhat laughable incident, but it is of practical importance, because in tropical areas where refrigeration is lacking, it is virtually impossible to keep milk and fish without their rapidly disintegrating and becoming contaminated. It is precisely in this area of the world where we are trying to build up the health of the people. The fish flour, with very high protein, can be produced at 14 cents a pound. And that is precisely where it is needed.

I serve notice that Mr. Larrick is not going to clamp down on the health of either the American people or people in the tropics.

At an appropriate time—and I shall have to be the judge of what the appropriate time will be—I shall offer a motion to reconsider, and I shall be prepared to debate the subject, not with the ability, but with some of the persistence, customarily displayed by the distinguished Senator from Oregon.

Mr. SALTONSTALL. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. SALTONSTALL. The Senator from Kansas, who was interested in this amendment—I am also interested in it—is not present. I have sent for him. I

do not know whether he has left the building or not. My suggestion to the Senator from Illinois is that he not persist in his motion to reconsider this evening, but hold it up until the Senator from Kansas reaches the Chamber. I am personally interested in fish flour, but I am also interested in getting other fish products included.

Mr. DOUGLAS. They are not inconsistent. I shall do this at an appropriate time. If the motion will be in order tomorrow, and there will not be a previous motion to reconsider by one of Mr. Larrick's proteges which will be defeated because of a vacuum which had developed on the floor, I shall do so. I do not want my abstention used as an excuse to get a rush vote to reconsider, which will be voted down, and which will result in anchoring this language into the bill.

Mr. SALTONSTALL. If the Senator is willing to do that, he can bring it up tomorrow. I shall try to get in touch with the Senator from Kansas and other Senators interested in the subject.

Mr. DIRKSEN. Mr. President, does the Senator from Louisiana [Mr. ELLENDER] have an amendment to offer?

Mr. ELLENDER. Yes; that is the last one.

Mr. DIRKSEN. I understand there is a fair chance that it will be accepted.

Mr. ELLENDER. I understand it will be.

Mr. DIRKSEN. May I suggest to the Senator from Louisiana that he present his argument in capsule form—say 60 seconds—and have the Senate act on it?

Mr. ELLENDER. Mr. President, I call up my amendment No. 287 to the committee amendment, as amended.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed on page 38, line 22, after the word "shall" strike out all through the word "Act" on line 24, as follows: "notwithstanding the provisions of section 612 of this Act or the provisions of any other Act."

Mr. ELLENDER. Mr. President, the bill as now drafted, authorizes and provides \$25 million a year to be used by the President in lending to cooperatives. The purpose of my amendment is merely to leave the authorization in, but it provides that those who seek to borrow any of these moneys must obtain them through the appropriations process.

This, in a nutshell, is what the amendment does.

Mr. President, prior to the action taken by the Senate Foreign Relations Committee on this bill, section 253 provided that:

All receipts in United States dollars from moneys made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter II of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

This language, Mr. President, established a revolving fund for loans made under the Alliance for Progress provi-

sions of the Foreign Assistance Act of 1961, as amended, and for loans made from the Development Loan Fund under the Mutual Security Act of 1954, as amended. It simply provided that the repayments from these loans are available for relending.

Mr. President, I originally opposed the establishment of such a revolving fund because its operation would weaken the control of Congress of Federal expenditures in that it would permit moneys to be relented without congressional approval or consent. I have always felt that Congress should have the opportunity to vote on the uses to which the taxpayers money is put, and the establishment of such a revolving fund prevented Congress from performing that function. Needless to say, notwithstanding my opposition, the revolving fund concept was written into the Foreign Assistance Act.

Be that as it may, I am hopeful that when the Foreign Relations Committee revamps the foreign aid program next year, it will not write into the foreign aid bill any provisions which would tend to circumvent congressional control. All receipts from loans should be paid into the Treasury and each year's loan program should be reviewed and approved by Congress.

Last evening, the Senate took a step in the right direction when it adopted the amendment of the distinguished junior Senator from Colorado [Mr. DOMINICK]. His amendment provided that loan receipts could not be relented unless reappropriated by Congress. However, I would like to go a step further by reiterating that loan receipts of the development loan program and the Alliance for Progress program should be taken into the general receipts of the Treasury.

When the committee recently considered the Foreign Assistance Act it adopted an amendment to section 253 which would broaden the revolving fund already established by this section. I understand that the amendment the committee adopted was offered by our distinguished majority whip, Senator HUMPHREY, from Minnesota. It expanded section 253 by extending the revolving fund concept to include in addition to dollars, the foreign currencies our Nation receives from the sale of surplus commodities and from other sales. The amendment reads as follows:

All receipts in foreign currencies from loans made under this title or from non-military assistance purposes under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, shall, notwithstanding the provisions of section 612 of this Act or the provisions of any other Act, be available, in addition to other funds available for such purposes, for loans on such terms and conditions as the President may specify to carry out the purposes of subsection (g) of section 251 of this title, and the President may, notwithstanding the provisions of any other Act, reserve such currencies in such amounts (not to exceed \$25,000,000 in any fiscal year) and for such periods as he shall determine to be necessary to provide for the programs authorized by said subsection (g).

The subsection (g) referred to in this amendment was also adopted by the Committee at the behest of our distin-

guished majority whip, and it reads as follows:

In order to carry out the policies of this Act, the President shall, when appropriate, assist in promoting the organization, implementation and growth of the cooperative movement in Latin America as a fundamental measure toward the strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress.

Now, Mr. President, I am not opposed to assisting the cooperative movement in Latin America, but I feel that any assistance we may grant should only be given with the full approval and consent of the Congress functioning through the sound processes established by the Congress. We should not authorize and appropriate at the same time, yet this is done in the Humphrey amendment to section 253.

Section 612 of the Foreign Assistance Act provides that, and I quote:

Foreign currencies so received, which are in excess of the amounts so reserved and of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

The Foreign Assistance Act provides in section 612 that foreign currencies are authorized to be made available for any of the purposes authorized in the Foreign Assistance Act, but it also provides that these moneys must be appropriated in an act passed by Congress.

The amendment to the Foreign Assistance Act which was offered by our distinguished majority whip, and which was adopted by the committee, would waive the provisions of section 612, and thereby result in a further dilution and weakening of congressional control since it would no longer require that foreign currencies be made available in an appropriation act. In effect, we give the President a blank check and bypass the orderly appropriation process prescribed by Congress.

I submit, Mr. President, that such a weakening of congressional control of expenditures is not only not desirable, but it is unnecessary. Thus, in my amendment to the amendment of the distinguished majority whip, I have merely urged the deletion of that language that would make the provisions of section 612 inapplicable. If my amendment is adopted there would still be \$25 million of foreign currencies authorized in any one fiscal year for assisting and promoting the organization, implementation and growth of the cooperative movement in Latin America, but before this money could actually be expended, it would be necessary for it to be appropriated in an act passed by Congress.

If my amendment is not adopted then it would mean that Congress, in this authorization bill on foreign assistance, will be both authorizing and appropriating \$25 million of foreign currencies for the purposes enumerated in section 251 (g) of the act. This, I do not believe Congress wishes to do and, therefore,

I urge that my perfecting amendment, because that is exactly what it is, be adopted.

Mr. SPARKMAN. Mr. President, acting for the chairman of the committee [Mr. FULBRIGHT], we shall be pleased to take the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana to the committee amendment in the nature of a substitute, as amended.

The amendment to the amendment was agreed to.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the amendment to the amendment was agreed to.

Mr. MORSE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I should like to address myself to the Senator from Alaska for a moment. Does the Senator from Alaska wish to offer his Latin American military aid amendment now, before I offer mine?

Mr. GRUENING. Mr. President, I wish to call up my amendment No. 235, and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Alaska, for himself, and other Senators, to the committee amendment in the nature of a substitute, as amended, will be stated.

The LEGISLATIVE CLERK. It is proposed to insert between lines 8 and 9 on page 41 the following:

(d) Section 505(a) of the Foreign Assistance Act of 1961 (Public Law 87-195) is hereby amended by changing the period at the end thereof to a comma and adding the following proviso: "Provided, That, except (1) to the extent necessary to fulfill prior commitments and (2) to the extent that the President finds, with respect to any Latin American country, that the furnishing of military assistance under this Act is necessary to safeguard the security of the United States, and so informs the Congress, no further military assistance under any provision of this Act shall be furnished to any Latin American country."

Mr. DIRKSEN. Mr. President, may I ask the majority leader and the sponsor of the amendment, which involves a rather broad policy, whether it is proposed to consider and dispose of this amendment tonight?

Mr. MANSFIELD. Mr. President, it is my understanding that the distinguished senior Senator from Oregon may possibly have an amendment pending. If that is the case, it is the intention of the leadership to move to have the Senate adjourn until tomorrow at 12 o'clock.

Mr. MORSE. Mr. President, the amendment offered by the Senator from Alaska opens up the entire issue of military aid to Latin America. The Senator from Alaska offers this amendment in keeping with his long-expressed conviction on the floor that he thinks military aid does more harm than good, that there is a great deal of money in the pipeline anyway, and that he would eliminate such aid.

There are other amendments on the same subject pending, depending on the disposition of this amendment. Although I do not think it will call for too long a debate, it will be discussed in some detail, because we are dealing with a very serious matter in connection with the Alliance for Progress program. I suggest that this amendment be made the pending amendment, and that we proceed to discuss the whole question of military aid to Latin America, using this as the basic amendment, tomorrow.

Mr. MANSFIELD. That is satisfactory with me. I thought I had understood the Senator from Oregon to ask the Senator from Alaska whether he was going to withdraw the amendment which he asked to have read. I may have misunderstood him. That is why I made the statement I did.

Mr. MORSE. The Senator either misunderstood the question, or I misspoke. There had been a discussion of which amendment was to be called up first. I asked him whether he wished to bring up his amendment before I offered my amendment, on this general subject. I judge he wants to offer his amendment first. If his amendment is defeated, I shall offer another amendment. There are several amendments on the subject.

Mr. MANSFIELD. That explains the situation.

I now ask unanimous consent that the Senate stand in recess until 12 o'clock tomorrow morning—

Mr. DOUGLAS. Mr. President, will the Senator withhold that request?

Mr. MANSFIELD. I withhold that request.

MOTION TO RECONSIDER

Mr. DOUGLAS. Mr. President, I enter a motion to reconsider the vote whereby the amendment of the Senator from Kansas [Mr. CARLSON] to the committee amendment on page 53, line 20, was agreed to.

I shall call this motion up at a time satisfactory to the Senator from Massachusetts or the Senator from Kansas.

Mr. MANSFIELD. Mr. President, I withdraw my request. I understand the Senator from Maryland [Mr. BREWSTER] desires to make a speech.

For the information of the Senate, there will be no further votes tonight, only speeches and remarks.

Mr. BREWSTER. Mr. President, the Senate has now been considering the 1963 foreign aid authorization bill for 11 days.

This debate is the culmination of the most searching review of the program since its inception with the Marshall plan in 1948.

The intensive study was first undertaken by the distinguished Committee under Gen. Lucius Clay. The report of this Committee suggested certain guidelines be established for future aid spending. It argued that we have been attempting too much for too many with too little concern for quality and too much for quantity.

This report prompted a reduction of the budget request by almost \$420 million.

Extensive hearings and study by the Foreign Relations Committee under the distinguished leadership of Senator FULBRIGHT produced an aid bill which we are now debating.

I have consistently advocated the fullest participation of the United States in international affairs. I continue to believe that the United Nations is our best hope for improving relations among nations—for providing moral leadership and peacemaking, peacekeeping machinery in times of crisis. The U.N. has saved inestimable American lives and dollars since its inception.

Our system of alliances and our mutual security program are equally vital to our national interest.

We are the world's most powerful nation—the custodian of freedom for our own people and for others throughout the world. This irrefutable fact imposes upon our Government awesome and burdensome responsibilities.

There can be no serious thought of abrupt withdrawal from our basic commitments, both military and economic. We must continue our effort to shape and enlarge the free world into an ever stronger and more cooperative economic, military, and political unit.

It is clearly in our interest—our selfish interest if you must—to do so. In so doing, we continue to thwart Soviet economic and military expansion while at the same time we broaden the overseas markets for the goods and services of the American economy and strengthen our allies' military resistance to communism.

For these reasons, I shall vote for a continuation of our aid program on final passage.

In the meantime, I shall continue to appraise the many amendments offered to this bill in accordance with the constitutional responsibility of the Congress to determine broad policy, and in accordance with what I believe to be in the best long range interest of the United States and its allies.

Foreign aid can, when handled wisely, succeed in doing what it sets out to do. When the program is mishandled, unrealistic, administered without policy direction and clearly defined goals, it is an unwarranted and unwise burden. The pocket of the American taxpayer must not be an international grab bag.

Our sincere and genuine desire for freedom and liberty for all people should not be thwarted by corrupt and dictatorial governments of the peoples we seek to help. We cannot continue to invest in countries whose leaders will make no effort to affect the land and social reforms essential to a climate of growth.

Recent events in South Vietnam give graphic credence to the allegation that we have too often supported despotic, authoritarian regimes which are constantly—and for good reason—threatened by internal revolt.

These convictions have formed the basis for my votes on the amendments thus far considered.

I have voted to improve the climate for private investment opportunities in countries receiving our aid.

I have voted to lower the authorization for the Development Loan Fund and to require annual reconsideration of this program. The language in both the Clay report and the Foreign Relations Committee report indicates the necessity for a continual review of this program with major reorganization and reorientation.

Such a revamping cannot be assured unless the Congress withdraws its blanket authorization for succeeding years and makes clear its desire that future aid programs be more selective and rely more on the facilities of multilateral agencies such as the International Bank for Reconstruction and Development. The United States cannot be expected to continue to bear the total aid burden nor continue to assist nations now economically prosperous.

I have voted to restore \$75 million of the original cut in funds for the Alliance for Progress. I did so, firm in my conviction that the unusual importance of this area to American security demands a long term venture of extraordinary complexity and scope.

I have supported amendments barring aid to countries engaged in or supporting aggression against the United States or nations receiving American assistance. I have joined with a unanimous Senate in barring aid to Communist countries.

While I have refused to grant to the President discretionary authority on these two matters, I have refused, and will continue to refuse, to tie the hands of the Chief Executive in other areas where freedom to act and to act quickly—to adjust policy to circumstances—is surely in the interest of the United States.

In accordance with my conviction that the best hope for reduction of American aid lies in the expansion of American trade, I have voted to extend most favored nation treatment to Poland and Yugoslavia. These governments do not now receive American aid, but the improvement of trade relations with these nations continues to serve our interest.

The primary justification for the tremendous investment that American taxpayers make in foreign assistance is the safety and security of the United States. As an arm of American policy, this program serves us best when it clearly serves our interest. I hopefully predict that our deliberations and votes will produce a final bill which does precisely that.

I further hope that our final vote may come soon so that we may turn our attention to the other pressing matters which must be acted upon before the end of this session.

JOINT ECONOMIC COMMITTEE'S KEY ROLE IN SOLVING U.S. BALANCE-OF-PAYMENTS PROBLEM

Mr. PROXMIER. Mr. President, yesterday, the Joint Economic Committee had before it two of the outstanding economists in the world on the subject of balance of payments. One was Prof. Friedrich Lutz, professor of economics at the University of Zurich; the other

was Prof. Arthur Bloomfield, professor of economics at the University of Pennsylvania.

Both of these men indicated that the balance-of-payments problem, which was so serious in the second quarter of this year—probably more serious than ever in our history—and which was at an annual rate of about \$4 billion a year or more, stated that the reason for the vast improvement in the third quarter was primarily due to the administration's announcement of its interest equalization tax proposal, and that this had a very distinct and immediate effect on the outflow of capital.

I believe that the country and Members of the Senate should be aware of this conclusion by these two eminent economists, and should recognize that the balance of payments may be improving sharply and may now be within the control of the administration.

I say this because, as a member of the Joint Economic Committee, I am proud of the fact that the proposal for the interest equalization tax was first made at a meeting of our committee on February 1 of this year by the newly appointed member, at that time, of the Federal Reserve Board, George W. Mitchell, who is superbly qualified as a monetary specialist.

Mr. Mitchell said at that hearing before the Joint Economic Committee:

The United States has the largest and most accessible capital market in the world, and it ought to be kept free of exchange restrictions. It is proper and desirable that capital-poor developing countries should utilize this market to meet a portion of their enormous needs for foreign capital. It is not so clear, however, that it is either necessary or desirable for advanced countries, with balance-of-payments surpluses, to have recourse to our capital market on the recent large scale while they restrict and hamper entry of outside borrowers to their own capital markets. If these countries are unwilling to open their capital markets, possibly we should look toward tax measures that might help to remedy this unbalanced position. In general, we need to explore the possibilities of various tax measures that might, consistent with our obligations as an international good neighbor, and with the status of the dollar as a world reserve currency, discourage capital movements that appear to flow uphill to countries that are already capital rich.

Governor Mitchell had this conception, and I believe that it is certainly one reason why the administration has made the very wise proposal of an interest equalization tax, which has had such a profound effect on our balance of payments.

I should like to call the attention of the Senate to the fact, if the interest equalization tax does have the effect of discouraging capital outflow and does really solve our balance-of-payments difficulties, it will be particularly incumbent upon the money managers of our economy to use their new freedom to follow a monetary policy that will encourage economic growth and economic development domestically.

The fact is that interest rates have been kept at a relatively high level, in spite of the fact that we have heavy unemployment. The speculation of many

outstanding financial experts has been that in the event we have a tax cut and the economy is stimulated, the Federal Reserve Board and the Treasury will follow policies which will have the effect of pushing interest rates up and keeping the economy under some restraint.

Many of us feel this would mean that the two principal Government economic weapons would be in opposition to each other. Fiscal policy would be used to expand the economy, and the monetary policy would be used to contract it. In other words, one would be stepping on the gas, and the other would be putting its foot on the brake, and the tax cut which is supposed to stimulate the economy would be limited.

A number of economists have made studies of the many tax cuts that we have had in this country, and they have found that when these tax cuts have been coupled with monetary ease, they have been expansionary, and that when the tax cuts have been coupled with monetary restraint of the kind the Federal Reserve Board indicates it will follow, then the result has been that a tax cut has not been stimulating, but has resulted in a deficit.

The reason why I call this subject to the attention of the Senate is that many of us sometimes feel that our nonlegislative committees, which have a primarily investigative function—whether it be the Select Committee on Small Business or the Joint Economic Committee, or some other committee—have very little influence. It seems to me that if the Joint Economic Committee had never done anything else, the fact that it was an instrumentality in giving birth to an apparent solution to our very serious balance-of-payment problem makes the work of the committee very worthwhile and makes its contributions most important.

RECESS TO 12 O'CLOCK NOON TOMORROW

Mr. MORSE. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 8 o'clock and 45 minutes p.m.) the Senate recessed until tomorrow, Thursday, November 14, 1963, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate November 13 (legislative day of October 22), 1963:

IN THE ARMY

The Army National Guard of the U.S. officers named herein for appointment as Reserve commissioned officers of the Army, under the provisions of title 10, United States Code, sections 593(a) and 3392:

To be brigadier generals

Col. Alfred Carlisle Harrison, O311380, Adjutant General's Corps.

Col. Erwin Case Hostetler, O336226, Adjutant General's Corps.

Col. Robert Louis Stevenson, O343589, Adjutant General's Corps.

Col. Thomas Roberts White, Jr., O348796, Adjutant General's Corps.

CONFIRMATION

Executive nomination confirmed by the Senate November 13 (legislative day of October 22), 1963:

FEDERAL TRADE COMMISSION

Philip Elman, of Maryland, to be a Federal Trade Commissioner for the term of 7 years from September 26, 1963.

WITHDRAWALS

Executive nominations withdrawn from the Senate November 13 (legislative day of October 22), 1963:

IN THE ARMY

The following officers of the Army National Guard of the United States for appointment as Reserve commissioned officers of the Army

in the grade of major general, which were sent to the Senate on July 18, 1963:

Col. Alfred Carlisle Harrison, O311380, Adjutant General's Corps.

Col. Erwin Case Hostetler, O336226, Adjutant General's Corps.

Col. Robert Louis Stevenson, O343589, Adjutant General's Corps.

Col. Thomas Roberts White, Jr., O348796, Adjutant General's Corps.

EXTENSIONS OF REMARKS

The Cotton Bill: A \$500 Million-Plus Gain for American Consumers

EXTENSION OF REMARKS

OF

HON. HAROLD D. COOLEY

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1963

Mr. COOLEY. Mr. Speaker, on Friday last, November 8, the gentleman from Illinois, Representative FINDLEY, charged, in a statement entered into the RECORD of the House that H.R. 6196—the cotton bill—provides multimillion-dollar payments to textile mills. He contended that the bill provides for such payments as subsidies to the mills. I ask the indulgence of the House to set the record straight.

H.R. 6196, now awaiting action in the House, does not subsidize domestic cotton mills. It simply makes American cotton available to our own mills at the same price as American cotton is sold to foreign mills, and thereby removes a Government-imposed cost disadvantage under which our own mills have been agonizing since 1956.

Mr. Speaker, the greatest benefactor under this legislation will be the American consumer. Americans will enjoy lower prices for American-made cotton goods, at savings amounting to more than \$500 million a year.

Moreover, the legislation will revitalize the whole cotton industry, in which more than 10 million Americans are associated in the production of cotton on the farms, in ginning, marketing, transporting, milling, and in the manufacture and merchandising of cotton goods.

This legislation will protect the livelihood of the millions of people who work with cotton.

Mr. FINDLEY is a member of the House Committee on Agriculture and accurate information is available to him. For some reason unknown to me he has chosen to oppose the cotton bill, and has refused to avail himself of the facts or to attempt to understand the purposes upon which this legislation is proposed.

He apparently has not read the committee report.

Had he listened to the testimony before the committee and had he studied the report it would be evident to him in a way that denies contradiction, that the American consumer of textile goods—not the textile mills—will be the great beneficiary in bringing the cost of raw cotton to American mills down to the

price that is paid for American cotton by competing mills in other countries.

For it was shown to our committee that a rise or fall in the cost of cotton is almost invariably and completely accompanied by a rise or fall of the same degree in cotton cost prices. The Department of Commerce established this as a fact in the hearings of our committee.

I am not addressing my remarks today particularly to the farm problem, because we all know that a reduction in consumption of cotton in the United States means contracting acreage allotments and disaster in the cotton growing areas of the country. I am directing my remarks primarily to what it means to consumers and to all of those people in the highly populated areas of the country who are dependent upon the textile industry for their livelihood.

Our price support program has resulted in American cotton being higher priced than foreign grown cotton. To preserve our export markets, the Government since 1956 has made American cotton available to foreign mills at prices far below the domestic price. Currently, cotton is sold for export at \$42.50 a bale less than it can be bought by domestic mills. The American mill must pay one-third more for American cotton than its competitor in Hong Kong or in any other foreign land. Since 1939, American mills have been prohibited from buying foreign grown cotton in excess of 30,000 bales a year—less than the amount consumed by U.S. mills in 1 day.

What will H.R. 6196 do to correct this situation? It will make cotton available to American mills at the same price it is made available for export to foreign mills. It is beyond me to see how any fairminded person could possibly object to giving the same treatment to an American industry which we accord to its foreign counterpart. It is absolutely impossible for an American mill to be competitive with foreign-made goods when it is forced by its government to pay one-third more for its raw material on top of a substantially higher wage scale.

Laws, which the Congress of the United States passed, have created what President Kennedy so aptly has called this unique burden. The President himself has asked for the elimination of the grossly unfair cost disadvantage which has been legislated on this American industry. H.R. 6196 would do away with the cotton cost difference between U.S. and foreign textile producers.

A subsidy to the textile industry. This is utter nonsense. Such a charge is completely irresponsible. Mr. FINDLEY's

statements in the RECORD purported to show how much money some of the larger firms would receive.

A private research firm conducted a study of the relationship of the price of cotton to the price of cloth. Its findings are on pages 8, 9, and 10 of the committee report. I urge you to read it all. I especially urge Mr. FINDLEY to read the report. Over a period of 38 years—including war and peace—depression and prosperity—cotton cloth prices have gone up and down with raw cotton prices. Let me read to you just one sentence from the report:

When consideration is given to the long span covered, the varying political and economic conditions during this time period, the great and minor depressions, the two wars and the two postwar periods, this record verges upon the unbelievable.

Certainly those of us who believe in the private, competitive, free enterprise system will agree that competition among the 5,000 companies which manufacture textiles in the United States will force an immediate and comparable reduction in cotton cloth prices when the price those companies pay for cotton is reduced.

Any person who says the textile industry will be subsidized or receive a windfall under H.R. 6196 either does not know the facts or refuses to accept them.

H.R. 6196 in addition to great benefits to consumers and millions of off-form wage earners will do the following things directly for cotton:

First. On the domestic market it would remedy a price disadvantage which is largely responsible for a competitive loss of 1,700,000 bales in annual rate during the past 3 years—a loss which is now continuing with no end in sight.

Second. It would eliminate the two-price system and thereby remove the main cause of rising cotton textile imports which have reached the equivalent of 693,000 bales in annual rate during the first 7 months of 1963. These imports are delivering our domestic market to foreign cotton growers and, in addition, they are generating powerful opposition to the export subsidy upon which our whole export market now depends.

Third. It would remove the necessity, otherwise inevitable, of reducing the statutory minimum acreage allotment below 16 million acres, possibly even in the next Congress. This season, even under the optimistic offtake estimates of the Department of Agriculture, the minimum allotment is producing 1.2 million bales more than can be sold, and the carryover will reach 12.4 million bales next August 1.

Fourth. It would protect the income of the farmer.

Fifth. It would remove such imminent risks as the following:

The loss of a great source of foreign exchange;

The creation of new depressed areas all over the Cotton Belt;

The impact of acres diverted from cotton upon the markets of other farmers;

Conversion of more cotton plants to synthetic fibers, and construction of large new rayon plants, by managements which are now waiting to take their cue from the decision of Congress on H.R. 6196.

Civil Rights: Dr. Haldane Reviewed

EXTENSION OF REMARKS OF

HON. ROBERT L. LEGGETT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1963

Mr. LEGGETT. Mr. Speaker, a segregationist colleague of mine from Texas inserted material a few weeks ago into the CONGRESSIONAL RECORD pointing up his opposition to civil rights legislation on the basis that men are only equal in the eyes of God and that civil rights legislation is erroneously premised on the basis that all men are physically identical in ability and intelligence. Prof. J. B. Haldane is the authority cited supporting the basic thesis that races are different and unequal.

With the major civil rights bill expected to reach the House floor the first half of December, I thought I would make a further effort to see if we could not get our facts straight before the debate.

PROFESSOR HALDANE REVIEWED

I researched Dr. Haldane's 1938 work on heredity and politics. He there points out very clearly that on most intelligence tests the Asiatic peoples do as well as Caucasians. On the other hand, the averages of Indian and Negro peoples are below. Haldane points out that it is obviously nurture or environment and not nature or heredity that accounts for the difference. He points up that in the Army intelligence tests, Negroes tested below Caucasians in both the North and the South, but on the average northern Negroes tested equal to or higher than southern whites.

Haldane concludes:

My own view is that probably there would be slight differences found in the results of intelligence tests if all peoples were brought under a precisely similar environment, but I would hesitate to say in which direction they would be found, except to suggest that as the intelligence tests have all been devised by whites, they would be likely to show a certain superiority of whites over Negroes . . . it is quite likely that Negro examiners could design tests on which their own race could beat the whites.

Haldane suggests that we could learn something from the racetrack where horses of many colors are rated exclusively on their performance.

This week Capt. Edward Dwight, command test pilot, graduate aeronautical engineer cum laude, boxing champion who nearly tied the world 100-yard track record—a Negro American—was named to the exclusive astronaut club. On this man we will pin our hopes—black and white—for national prestige in the lunar probe.

Nobody means to say that all Negroes are astronauts—nor whites—and perhaps percentage-wise there is scientific evidence to infer that potentially more Caucasians possess this inordinate ability. The Germans and the Swedes might on the average outperform the Italians and Latins. Reasonable men of goodwill, however, do not conclude that you accentuate these differences by educating, employing, housing, and accommodating only the very able.

RIGHT EQUALITY NOT IDENTITY

The American Anthropological Association at its 1962 meeting, I believe, enacted a resolution which should lay this issue to rest:

Be it resolved, That the American Anthropological Association repudiates statements now appearing in the United States that Negroes are biologically and in innate mental ability inferior to whites, and reaffirms the fact that there is no scientifically established evidence to justify the exclusion of any race from the rights guaranteed by the Constitution of the United States. The basic principles of equality of opportunity and equality before the law are compatible with all that is known about human biology. All races possess the abilities needed to participate fully in the democratic way of life and in modern technological civilization.

I will support the bipartisan civil rights legislation among other reasons because I think it basically unjust that counties like Jefferson County, Miss., with a census population of 1,666 white persons and 3,540 Negroes have a voter registration of 1,643 white—98.6 percent—and zero Negro; and like Greene County, Ala., having a total of 1,649 white persons and 5,001 Negroes with a voter registration of 1,979 white—120 percent—and 275 Negroes—5.5 percent. The pending legislation is not aimed at establishing identity of races but merely equality of legal rights.

Compassion and simple fairness dictate that the sovereign States of Mississippi and Alabama yield to the interests of a better America on this issue.

Al Reid, Newspaperman With a Heart

EXTENSION OF REMARKS

OF

HON. ROBERT R. BARRY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1963

Mr. BARRY. Mr. Speaker, Mr. Al Reid, distinguished writer and correspondent of the Home News & Times in Yonkers, N.Y., has been leading a worthwhile effort to help the Cross Country Hospital in Yonkers and the Lawrence Hospital in Bronxville.

He calls this effort "Operation Trading Stamps." Under this charitable plan,

people send their trading stamps to Al Reid who then uses them to buy items such as toys and games for the two hospitals.

Al Reid says, "I licked every stamp." To date, this amounts to over 50,000. This is certainly a highly original idea. Moreover, it is one that other communities can use in order to bring comforting items to the children and adults in our hospitals.

Activities of this type are making Al Reid known as "the newspaperman with a heart."

Fiscal Policy: Debt and Taxes

EXTENSION OF REMARKS

OF

HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1963

Mr. CURTIS. Mr. Speaker, it is not often that I put speeches of mine in the RECORD. Recently, though, I have made several speeches on Federal fiscal policy which express my views on the subject of tax reform and the Revenue Act of 1963. With unanimous consent, I wish to place in the RECORD at this time the speech I made before the annual conference of the National Tax Association on Tuesday, November 12, in Milwaukee, Wis.:

FISCAL POLICY: DEBT AND TAXES

(By the Honorable THOMAS B. CURTIS, Republican, Second District of Missouri)

It is my belief that the purpose of taxation is to obtain the revenues necessary to pay for the goods and services we wish to receive through the mechanism of political government. I think that tax policy should be as neutral as we can possibly make it in its economic impact. I hold that to deliberately use a tax system to produce economic results by indirection damages the tax system in attaining its primary objective and damages the very process of representative government.

Likewise, I feel that the purposes of government debt which, in essence, is deferred tax collection should be spelled out directly. And debt should not be used indirectly to achieve other economic results.

We have great latitude in governmental decisionmaking to produce the economic results we seek directly, through expenditure policy. Here is where policy can be made after forthright public debate. Why should we shy away from the direct way of doing things, to act by indirection, unless those who are in charge of running the Government are seeking to confuse the process of government decisionmaking?

President Kennedy stated that the proposed Revenue Act of 1963 was the most important measure to face the Congress in the past 15 years. I countered by stating that if the economic and political philosophy underlying this proposed Revenue Act prevailed, it was probably the most important measure that has faced the Congress in its 177 years of existence.

Surely it has now become clear to the general public that the fate of the Revenue Act of 1963 is wrapped up in a major and revolutionary theory of fiscal policy called planned deficit financing, rather than in the details, important as they may be, of the tax bill itself.

This is not just a matter of the soundness of the economic theory that cutting tax

rates already insufficient to produce the revenues needed to meet our Federal expenditures will stimulate the economy to greater economic growth. It goes to the basic question I posed at the beginning of my remarks. Should tax policy be used to achieve these kinds of economic purposes?

In one sense, what I seek to point out may seem to be quibbling. There is little question that our present Federal tax structure has gone beyond the point of diminishing returns and is slowly eating away the very base upon which it relies for its future revenues. In other words, our tax structure is creating considerable economic impact, and of the wrong kind, just in trying to do its indisputed job of collecting revenues to meet our ever increasing and seemingly insatiable Federal expenditures.

Furthermore, when tax rates are high, however one alters any specific in the tax code one is bound to produce considerable economic impact as a byproduct, for good or for ill. However, I contend this is no quibble. There is considerable difference in the end product in writing tax laws to gain revenues as efficiently as possible with the minimum amount of impact upon the economic decisions in the marketplace and to deliberately interject Government economic decision into the marketplace through the use of the tax structure.

Indeed, I still have my doubts about how long the neo-Keynesians are going to stay in agreement with the neutralists on the theory that our Federal income tax rates are so high they are creating economic damage. To use tax policy for economic purposes most effectively, one needs to have high rates to start with. Otherwise, the differentials written in the tax laws are ineffective in forcing economic decisions.

The neo-Keynesians have joined the neutralists only recently in urging rate reduction, and I am not at all sure it was not forced upon them for practical political considerations necessary if they were to supplant our traditional policy of tax neutrality with that of using it as a major economic tool. After the principal has been established, they can then increase the rates again.

Burning in my mind is the phraseology used by the President in his message to the Congress first advocating tax rate reduction. He said that if releasing spending power to the private sector through tax reduction did not produce the economic growth he sought, increased Government spending was the alternative. The objective is to increase total spending, Government plus private; if the private sector does not do the spending, then Government must.

When one grasps this line of thought, it is not difficult to understand why President Kennedy has fought so bitterly the attempts of some of us in the Congress to tie the tax bill to expenditure reform by deeds rather than words.

The President won a temporary victory in the House when an intent of Congress was put in the tax bill in lieu of a requirement that the expenditure rates be cut.

It is important if we are to carry forward the debate on this fundamental fiscal policy to understand where the areas of agreement and disagreement lie.

I find the President and Dr. Heller, the Chairman of his Council of Economic Advisers, have created a series of straw men which they have been attacking with great vigor.

While they do battle with these straw men, however, they carefully avoid the real opponents. The success they have achieved is essentially one of getting their story to the public and preventing their opposition from being heard. They have the microphone, as it were, of the national news media so that their arguments and their version of the battle done against the straw men is heard around the country. The microphone is

jerked away when we who differ on this matter speak, and so our arguments have not been heard.

Let me establish a basic point of agreement. Hoarding is the real enemy of economic growth. If people, and that includes the people's servant—government—do not spend, economic activity indeed will decline. It is very important to emphasize that investment money is money spent—not hoarded money. Investment money is spent for capital assets, and training and gathering together manpower. Investment money comes only from savings. The savings can be generated internally or externally. Use of external savings is borrowing someone's else savings.

The President's statement that his opposition is opposed to all borrowing—all debt, whatever its kind or source, is untrue. As a matter of fact, I have been seeking for sometime, without success, to have a full study in the Joint Economic Committee on the economic aspects of Federal debt to establish what aspects are economically desirable and what are not, and particularly what criteria should we establish to determine the proper levels of Federal debt.

Why have the President and Dr. Heller avoided a straightforward discussion of the economic part the Federal debt plays in our society? I think it is fair to suggest it is because the present level of Federal Governmental debt is the real villain in our economic picture right now and any further increase in this debt through further deficit financing, as the President would have us engage in, would make our unemployment picture and our balance of international payments situation worse. If this happened, the great economic growth we have been experiencing in spite of poor fiscal policy in the post-World War II decades would be seriously hampered, not enhanced. The President and his advisers have failed to identify the tremendous economic growth going on under their very noses because they have been using incomplete aggregate economic statistics never designed to measure true economic growth. They call our economy, which is suffering from serious growing pains—we have been growing so fast—tired, lethargic, and in need of a shot in the arm.

They identify obsolete, inefficient, and unwanted plant equipment as idle plant capacity, as if it could be put to good economic use if we only had more purchasing power. They identify the unemployed, concentrated as they are among the obsolete skilled, unskilled, and semiskilled people, as manpower available for immediate economically meaningful employment. They count on the inefficient, unwanted, and obsolete plant capacity and the obsolete skilled, unskilled, and semiskilled manpower to sop up the increased purchasing power they would inject into our economy through tax cuts accompanied by increased Government expenditures so no additional inflationary forces will be let loose. This is whipping the sea for following its tides.

They ignore the fact that corporate liquidity and consumer purchasing power are at all time highs and that today the question of spending vs. hoarding is related to the motivation for spending, not to the capacity to spend. Why are our corporations not investing in their own endeavors here in the United States to the extent that they have the power to do so? Why are personal and corporate funds increasingly being sent abroad for investment, so that the administration now asks Congress to impose an excise tax on these investments to keep them at home? To encourage them to be idle—to be hoarded?

I think it is about time we looked into the question of what makes men hoard by being idle themselves and letting their money and their assets be idle. I suggest that it has directly to do with what return they expect

to receive for the discipline they exercised in saving and the risk they take for the saved dollar they invest. What sort of confidence do they have in their own personal and business economic future? People hoard if they are uncertain, and the greater the uncertainty, the greater the tendency to hoard. A governmental fiscal and monetary policy has more to do with hoarding than any other factor.

A government policy which says it will spend if its people are too stupid to spend and then seeks to finance the increased Government spending, not through taking the savings of the people, through increased taxes (which, of course, would create problems of its own), but through selling more Government bonds, is only going to aggravate uncertainty and encourage an ever greater incident of hoarding. This would set off a dangerous spiral all of its own, even if an inflationary spiral did not accompany it. Indeed, at a certain point, a deflationary spiral might set in and this could only be broken by massive Government intervention, which would deprive us of the right to call ourselves a free society.

Debt, whether corporate, personal or government, is related to two things. Assets to secure the debt and earning capacity to pay off the debt. Innovation, which is the sole source of economic growth, is financed by savings largely of one's own, not of someone else. The financing can be a mix of partly one's own savings and partly the savings of someone else. The more risky the venture is, the greater the part of the savings will tend to be one's own. Also, the more risky the venture, the higher the return must be for the borrowed dollars. So, the greater the innovation, the greater is the economic benefits to the society. So we must encourage not deter risk taking if we are to have maximum economic growth.

Debt backed up by physical assets tends to be less risky than debt backed up by anticipated earnings.

President Kennedy and Dr. Heller have sought to relate Federal Government debt to personal debt, to corporate debt and to local and State governmental debt. They do this to allay the fears of our people about the Federal debt.

This is a fair subject for debate. Then why do they pose the analogy and then refuse to discuss it? Indeed, we might well relate the assets and anticipated income behind these various kinds of debts to see how they stack up. A cursory examination of the composition of the Federal debt reveals that it comes off a very poor also ran. It doesn't even make the finish line.

The bulk of our Federal debt, just as the bulk of Federal spending, is for the defense of our country. And this is as it should be. But defense expenditures create little or no capital assets and what assets there are certainly produce little or no earnings. Military hardware must go on the books at \$1. Most military buildings, being single purpose buildings, must also be listed at a very low value. Most of that small portion of the Federal debt which has created wealth or earning power has resulted from the Federal expenditure policies which are under the most controversy. Indeed, there is a great deal to be said for the point that if the purposes of the expenditure is to create wealth and earning power the matter should be handled in the private sector and not the governmental sector. Government is not the partner of the people. It is the servant.

Local and State governmental debt, it is to be noted, almost invariably relates to specific wealth creating expenditures, for highways, schools, sewers, community facilities, etc., and is often reflected in sinking fund and revenue bonds. This kind of debt, aside from reflecting the creation of real wealth, is also a device for spreading the cost of the

capital improvement over its lifetime so that those who benefit from the facility over this period of time pay for it.

Let me read from a speech I delivered on the floor of the House on August 5, 1963, at the time I was discussing the balance of international payments problems. I went into this problem of the Federal debt from several angles:

"The Kennedy administration has sought to allay the concern of the people over the rising Federal debt by a series of specious arguments.

"First. The administration hides and dissembles over the increase in the rate of annual debt increases which its fiscal theories have produced and refuses to estimate the further increases in the debt which will result from its planned deficits into the future.

"Second. The administration relates the Federal debt as a ratio of gross national product and calls attention to the fact that this ratio has declined since 1946. Note the year 1946 is selected as the basis for this relation. Should the ratio of the year 1946 be the goal of our fiscal debt policy? Certainly no reasonable man would seriously advance such an argument—1946 is the year immediately following World War II when perforce the results of the overwhelming deficit financing we resorted to in financing this war reached their peak. Does the 54-percent ratio of GNP to debt in 1962 compare favorably to the percentage ratio of GNP to the national debt during other peacetime periods in the 20th century? It does not. In 1909 the ratio was 3.4 percent and this declined to 2.5 percent by 1916—a period during which GNP increased by 44 percent or about 6 percent a year. This is in relation to an overall growth rate from 1860 to 1960 of about 2.9 percent. In 1919, after World War I's deficit financing, the ratio stood at 30 percent. This declined to 16 percent by 1929. The ratio increased during the depression of the thirties and reached 43 percent in 1940—a period which incidentally showed a zero increase in gross national product. This should make people pause to reflect whether debt helps economic growth. In 1946, immediately after World War II, the ratio was 128 percent and it has now declined to 56 percent as of June 1962—debt \$298.6 billion, GNP \$553 billion.

"It should be noted that 70 percent of the decline in the ratio of the debt in the 15 years from 1946 to 1962 occurred in the first 5 years after 1946. In 1951 the ratio had declined by 51 percentage points, or 10 points a year, to 77 percent. This decline was largely the result of the serious devaluation of the purchasing power of the dollar which occurred during these years. Hardly a course to emulate or to praise. The debt, of course, remained in the constant dollar figure of 1946, while the GNP went up because it was measured in terms of the inflated dollar. Since the Federal Reserve-Treasury accord of 1951 which largely stopped this monetary inflation the ratio has declined only 21 points in these 11 years from 77 to 56 or 21 points a year. Even some of this decline is the result of further dollar devaluation rather than real economic growth. Since 1960 the ratio has dropped less than a whole point from 56.8 to 56. If the estimate of GNP for 1963 reaches \$578 billion the administration anticipates and the debt goes to around \$318 billion as the administration projects, there will be only another fraction decline to 55.2 percent. At this rate it will take 6½ years to reach a 50-percent figure and another 10 on top of that to even equal the peacetime high mark of 43 percent in 1940. This will be the year 1980.

"Certainly this leaves little resiliency for these 17 years ahead of us in our fiscal posture in the event that we should have another major war or depression forced upon us.

"Third. The administration relates the Federal debt to State, local, and private debt and points out that these debts have risen faster than the Federal debt. Again, what is the year of reference? A peacetime year? A year we would choose as our goal for an optimum? No, 1946 is again taken as the year, the year which reflects the 'high water mark' of extraordinary Federal deficit financing, as the result of World War II; 1946 is also the 'low water mark' of State and local expenditures because of our national desire to divert as much of our resources as possible to the effort of World War II. So in this instance the selection of the year 1946 as a benchmark is doubly deceptive.

"Parenthetically, I would remark that the Kennedy administration continues to show an abnormal inability to distinguish between an economy based upon war and one based upon peace in this matter as well as in other matters of economic and fiscal policies which require the use of economic statistics and the understanding of the basic laws of economics.

"What are the ratios over a period of time of State and local governmental debt to Federal debt?

"In 1946 which reflects the war expenditures the ratio rose to 94.4 percent Federal and declined to 0.8 percent State and 4.8 percent local. In 1960 that ratio had shifted to 80.5 percent Federal, 5.2 percent State, and 14.3 percent local. In 1962 the Federal ratio had further declined to 78.7 percent and State and local totaled 21.3 percent.

"The balance which formally existed between the three tiers of government during the periods when this Nation prospered the most are far from being reached in this ratio heavily weighted to the Federal Government. In 1902 the ratio was 35.9 percent Federal, 7 percent State, and 57.1 percent local. 1922 reflected the shift resulting from the massive Federal debt of World War I—69.4 percent Federal, 3.4 percent State, and 27.1 percent local. In 1927 the ratio had balanced to 55.4 percent Federal, 5.9 percent State, and 38.7 percent local. In 1932, 50.4 percent Federal, 7.3 percent State, and 42.3 percent local. The 1930 depression years show a shift to the Federal tier and by 1940 the ratio was 67.9 percent Federal, 5.7 percent State, and 26.4 percent local.

"The Federal programs set forth in the most recent budget of the Kennedy administration will hamper the shift back to the ratios of pre-World War II peacetime years. The balances that existed during the first 140 years out of our total 170 years social and economic development seem to be out of question today. However, if we are to match the growth rate of these 140 years in the ensuing decades, I believe we would be wise to set our sights in the direction of this kind of balance. Certainly setting our sights on the balances of the year 1946 is the height of folly.

"The argument that we need not worry about the Federal debt today because it is a less ratio to the State and local governmental debt in 1946 is out of context. It is designed to mislead. Sixteen years after the war instead of a 78.7-percent Federal ratio which we have in 1962, we should be much closer to a 50-percent Federal ratio. The most alarming decline which occurred during World War II, of course, is the local government ratio. The State and local debts must increase more rapidly than the Federal debt, or better still the Federal debt should be declining much more rapidly if we are to get back to the peacetime ratios which our Nation had its greatest growth.

"Fourth. The Kennedy administration seeks to compare the Federal debt to private and State and local government debt in order to suggest a point which is untrue, that a large part of the Federal debt goes for capital investment against which there are marketable and economic capital assets.

"It is true that most of the private corporate debt goes for capital investment against which there are offsetting capital assets. It is true that a good bit of consumer debt goes for capital expenditures, which remain as a capital asset securing the debt, such as homes and consumer durables. It is also true that almost all of the local governmental debt is for capital improvements, roads, schools, sewers, public buildings, and so forth. Indeed, most local debt is limited by law to these kinds of capital expenditures. Much of the State debt also goes for capital improvements. Some State constitutions require this of both State and local debt. Indeed, most debt other than Federal debt is tied to capital improvements and so can be directly related to economic growth and remains a security against the debt.

"The Federal debt on the other hand, just as Federal expenditure, is almost all related to other than capital investment. Even today the bulk of the Federal debt is for past and future wars, for military expenditures, and the \$10 billion interest we pay annually on the debt must be largely charged to military expenditures. Military assets must go into any economic accounting books at \$1 value.

"The limited areas where the Federal debt can be said to relate to true capital assets and the areas the Kennedy administration seeks to enlarge are exactly the areas which cause the gravest political disputes today of whether these are constitutional and desirable, let alone efficient functions of the Federal Government. To wit, grants-in-aid to States and local governments, the TVA, and other public power projects, and the various other Government corporations, particularly lending institutions, like FNMA and CCC which would up capital assets. The traditional and constitutional public works of rivers and harbors and reclamation projects and the Post Office are about the only undisputed capital expenditures the Federal Government makes and these make up a very small part of today's \$108 billion budget. Be this as it may, the ratio of the Federal debt which has been spent for capital assets is less than 10 percent of the total outstanding Federal debt. Ninety percent of the Federal budget expenditures are unrelated to capital assets and we have no capital assets to show for them.

"Fifth. The Kennedy administration is resorting to an argument I thought was discredited in the 1930's; namely, the size of the Federal debt makes no difference because we owe it to ourselves. This is probably the most specious and dangerous of all arguments advanced by the administration to justify its extravagance. First, we do not owe it all to ourselves. Foreign holdings amount to \$15.3 billion. Second, the \$55.6 billion of bonds in Government invested accounts are moneys deposited by civil service employees for their retirement—\$12 billion; moneys to back up the social security payments—\$18 billion, and so forth; and \$68.8 billion of bonds are held by individual and corporate pension funds for the benefit of employees for their retirement. Sizeable sums are in sinking funds earmarked by businesses and individuals for building homes, factories, stores, and other plants from whence come the jobs for our people. Many of our people own U.S. savings bonds. Their savings do not belong to their less provident fellow citizens; \$97.3 billion of bonds are in the commercial and Federal Reserve banking system to back up the purchasing power of everyone's dollar as well as earmarked for the million and one different programs the ultimate owners of these assets have in mind.

"The most certain way to destroy the entire base of our society is to destroy the allocation of ownership of the debt securities in our society, private and governmental. Certainly we can have a complete redistribution

of wealth by Government fiat or a military coup based on the economic concept that the debt is owned to ourselves without regard for the savings and efforts and planning that lies inherent in the present allocation of the ownership of the debt. This is what political scientists refer to as a revolution. Is this what the Kennedy spokesmen wish to suggest in behalf of their constituency from whom they seek votes by their profligate spending programs?

"And certainly, the debt can be lowered as a ratio of gross national product as was done by the Truman administration by devaluing the dollar—cutting into the purchasing power of the consumers. This redistributes wealth, mostly from the poorer to the richer, however. This is the process that destroys jobs and economic growth. This does not enhance it."

Now, having made these points in August, I find the administration spokesmen still reiterating what they said then. They have not sought to discuss the economic or any other aspects of the Federal debt. They merely fight strawmen of their own creation.

The structure of our monetary policy is based to some degree upon our Federal debt. After World War II we used the Federal Reserve System, not to have monetary policy neutral to make it serve its basic function as a weight and measure, a measure to evaluate goods, services, labor and savings, but to encourage economic growth by keeping interest rates low. This policy was proving so disastrous that in 1951 the Federal Reserve-Treasury accord was reached and this policy was reversed. This action brought to an end the massive devaluation of the dollar we experienced from 1946 to 1951.

Now the President, listening to this same economic school, would create planned Federal deficits and make them greater by the tax cut and have them financed by the Federal Reserve System buying the bonds. (If the bonds were sold to the private sector, this would take away the total purchasing

power they were seeking to enhance.) This is designed to create more money, not from savings, but from the printing press. So, the essence of the administration's new theory is to expand the volume of money. This is to be done through tax policy, reducing tax revenues, and replacing these lost revenues with the proceeds derived from the sale of Government bonds to the Federal Reserve System. According to this theory, we come out with a balanced budget perhaps in 1972.

My concluding remarks are these. You can see from this speech how the use of the tax structure for purposes other than raising revenue as efficiently as possible has diverted the attention of the tax writer from the details of the tax laws. This can only result in a poorer Federal tax system, not an improved one.

The proper reform is to cut Federal expenditures so they do not exceed the revenues that can be raised from a sound tax structure which does not erode its own base. This is the Puritan ethic.

Business Committee Has Dual Objectives of Tax Reduction and Expenditure Control

EXTENSION OF REMARKS OF

HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1963

Mr. CURTIS. Mr. Speaker, the position of the Business Committee for Tax Reduction in 1963 has been frequently cited by the administration in support of its program to cut taxes.

While the administration and press have played up the Business Committee's belief that a tax cut is desirable now, less attention has been paid to the committee's belief in firm Federal expenditure control.

I am happy to see that the cochairmen, Stuart T. Saunders and Henry Ford II, have unmistakably linked the need for a tax cut with expenditure control in a statement before the Senate Finance Committee on November 4.

As Mr. Saunders said in his opening paragraph, speaking for himself and Henry Ford:

We are here to support the dual goals of this organization—prompt, across-the-board tax reduction for individuals and corporations, and restraint in Federal spending.

Mr. Saunders went on to say that in order to obtain the benefits of tax reduction:

Strict control of Federal expenditures and appropriations by both the executive and legislative branches of Government is essential.

He also pointed out that the executive committee of his organization on May 28 called for a reduction in the 1964 budget and said that it "believes that there is no situation foreseeable which would necessarily require the 1965 and 1966 budgets to increase over that proposed for 1964."

This precise statement of the Business Committee's policy will, I hope, clear up once and for all the confusion that has been created by those who stress the committee's desire for tax reduction and largely ignore its position on Federal spending.

HOUSE OF REPRESENTATIVES

THURSDAY, NOVEMBER 14, 1963

The House met at 12 o'clock noon. The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Ephesians 4: 1: I beseech you to walk worthy of the vocation wherewith ye are called.

Almighty God, grant that in these days of turmoil and confusion, we may be inspired with a greater faith in the power of righteousness and above all with a greater faith in Thy divine providence.

We are confident that our beloved country will never go down in defeat or lose its national identity if, as citizens of this great Republic and as leaders in the affairs of church and state, we continue to put our trust in Thee.

Show us how this dear land of ours may be delivered from those immoralities and those evils of crime and graft and corruption which are a blight upon our national character and a disgrace to our body politic.

Wilt Thou bless our domestic and foreign policies and may the spirit of unity prevail as we accept the challenge to build a world community ruled by the Prince of Peace.

In His name we pray. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

PUBLIC WORKS APPROPRIATIONS

Mr. CANNON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tomorrow night to file a report on the public works appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. JENSEN reserved all points of order on the bill.

APPROPRIATIONS, DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES, 1964

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H.R. 6754, making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1964, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Mis-

issippi? The Chair hears none, and appoints the following conferees: Messrs. WHITTEN, NATCHER, CANNON, HORAN, and MICHEL.

APPROPRIATIONS FOR MILITARY CONSTRUCTION, FISCAL YEAR 1964

Mr. SIKES. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations have until midnight tonight to file a report on the bill making appropriations for military construction for the year ending June 30, 1964, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. JONAS reserved all points of order on the bill.

SUBCOMMITTEE ON ELECTIONS, COMMITTEE ON HOUSE ADMINISTRATION

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Subcommittee on Elections of the Committee on House Administration may sit while the House is in session this afternoon during general debate.